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ABSTRACT

The Vermont study details employer responses to a two-phase survey designed to gauge employer receptivity to the use of wage subsidies in the private sector. The "mail survey" obtained from a sample of 1,084 employers (of whom 71% responded) elicited responses to a limited number of questions, while the "face-to-face survey" asked a much greater number of more in-depth questions of a sample of 269 employers (of whose responses 249 were useable). The study details conditions under which employers would be willing to participate in a wage subsidy program (worker characteristics, job characteristics, subsidy characteristics, post-subsidy commitments, administrative considerations, training concerns, and supportive service concerns), characteristics of firms willing to participate (types, sizes, and occupational makeup), and judgmental aspects of wage subsidy programs (bidding process effectiveness, internal labor market considerations, competitive advantage, and net increase in jobs). Survey data are displayed in 36 tables and the survey instruments are appended. (Author/JR)

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THE VERMONT SURVEY OF EMPLOYER

MAY 05 1975

RECEPTIVITY TO WAGE SUBSIDY

PROGRAMS IN THE PRIVATE SECTOR

U.S. DEPARTMENT OF HEALTH
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Vermont Department of Employment Security

Madelyn Davidson, Commissioner

CE004234

The Experimental and Demonstration Manpower Pilot Project on the Special Work Project for the Unemployed and Upgrading for the Working Poor

December 1974

THE VERMONT SURVEY OF EMPLOYER
RECEPTIVITY TO WAGE SUBSIDY
PROGRAMS IN THE PRIVATE SECTOR

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PREFACE

In mid-1970, as a consequence of welfare reform legislation then pending in the United States Congress, the Vermont Department of Employment Security was chosen to test and document experimentation in the manpower training aspects of the proposed legislation. The overall objective of the resulting Experimental and Demonstration (E&D) Manpower Pilot Project was to explore the feasibility and value of alternative approaches and procedures for conducting the Special Work Project (Public Service Employment) for the unemployed and Upgrading training for the working poor, as a means of helping to develop guidelines and other knowledge required to facilitate and make more effective national implementation and rapid expansion of manpower projects aimed at enhancing the employability of heads (and other members) of low-income families.

The project thus had two major components within the overall project:

- "Special Work Project" whereby unemployed persons, by performing work (at public and private nonprofit agencies in the public interest) can develop job skills which enable them to obtain nonsubsidized (private or public) employment,
- "Upgrading training" whereby low-income employed persons ("working poor") can develop new job skills for which they receive increased salary.

More specifically the project:

- developed various designs for operating the two manpower programs,
- tested operating practices to identify smooth running procedures,
- tested the feasibility and relative effectiveness of alternative operating procedures,

- identified problems and issues central to the establishment and running of these programs,
- prepared technical materials and other aids for use in the programs,
- monitored and evaluated outcomes of activities,
- determined requirements for administration, facilities, staff and financing of the programs,
- established guides for determining how these programs might fit into the overall mixture of manpower programs and services at the local level,
- developed the necessary guidelines and manuals for effectively replicating the programs elsewhere,
- researched and documented the effect of the program on E&D manpower clients and,
- produced monographs on salient aspects of project experience, relevant to planning activities at the national level for implementation of welfare reform and/or public service employment programs.

The project was initiated on July 1, 1970, and terminated on October 31, 1973. Operation of the project was divided into the following segments:

July 1, 1970, through October 31, 1970: Planning, initiation, and startup,

November 1, 1970, through June 30, 1971: Operations limited to Chittenden and Lamoille counties,

July 1, 1971, through June 30, 1972: Statewide operations,

July 1, 1972, through June 30, 1973: Statewide operations,

July 1, 1973, through October 31, 1973: Evaluation, writing, printing and publishing.

FINAL TRAINEE SUMMARY

SPECIAL WORK

As of July 2, 1973	Number	Number	Percentage of Total Enrollees
Total Special Work Enrollments		656	100%
Completed Training		430	65.6%
-Completed, Placed in Employment	307		46.8%
-Completed, Placed in Work Training	26		4.0%
Total Placements		333	50.8%
-Completed, Placed in Education or Skill Training	6		0.9%
-Completed, Awaiting Placement	91		13.9%
Terminated Training		226	34.4%
-Good Cause	99		15.1%
-Without Good Cause	127		19.3%

FINAL TRAINEE SUMMARY

UPGRADING

As of July 2, 1973	Number	Number	Percentage of Total Enrollees
Total Upgrading Enrollments		144	100%
-Completed Training		118	81.9%
Upgraded	114		79.2%
Not Upgraded	4		2.8%
-Terminated Training		26	18.0%
Good Cause	17		11.8%
Without Good Cause	9		6.2%

TABLE OF CONTENTS

	Page
Preface	vii
List of Tables	xiii
Section I: Summary	1
A. Summary of Mail Survey Responses	2
B. Summary of Face-to-Face Survey Responses	7
1. Conditions Under Which Employers Would Be Willing to Participate in a Wage Subsidy Program	7
2. Characteristics of Firms Willing to Participate in a Wage Subsidy Program ..	10
3. Differentiating the Willing Employer from the Unwilling Employer	11
4. Impact Considerations	12
Section II: Introduction	15
Section III: Analysis of Mail Survey Responses	19
A. Sample Design	19
B. Employer Response to Each Question in the Mail Survey	21
C. Responses of Employers Willing to Participate in a Wage Subsidy Program	25
D. Responses by Size of Firms Willing to Participate in a Wage Subsidy Program	28
E. Responses by Standard Industrial Classification of Employers Willing to Participate in a Wage Subsidy Program	31
F. Summary of Specific Responses to Mail Survey ...	36
Section IV: Analysis of Face-to-Face Survey Responses ..	45
A. Scope of Survey	45
B. Willingness and Unwillingness to Participate Relative to Previous Participation in Manpower Programs and Use of WIN Tax	45
C. Some Reasons for Unwillingness to Participate in a Wage Subsidy Program	50
D. Differentiating the Willing from the Unwilling ..	52
1. Number of New Workers in 1972 and 1973 ..	52
2. Growth of Employment in 1973	55
3. Quarterly Variations in Employment	57
4. Entry Level Wages	59
5. Recruitment Methods	61
E. Characteristics of Employers Willing to Participate in a Wage Subsidy Program	62

	Page
1. Size of Firm	62
2. Industrial Category	65
F. Willing Employers' Attitudes Towards Various Aspects of a Wage Subsidy Program	65
1. Subsidy Levels	65
2. Types of Jobs that Could Be Subsidized ..	70
3. Duration of Subsidy	74
4. Post-Subsidy Commitment	75
5. Internal Labor Market Considerations	76
6. Competitive Advantage	78
7. Administrative Controls and Procedures ..	78
8. Training	79
9. Supportive Services	80

Appendixes

Appendix A: Technical Appendix: Survey Structure, Sample Selection and Survey Processes ..	83
Appendix B: Mail Survey Questionnaire	91
Appendix C: Face-to-Face Survey Questionnaire	92
Appendix D: Frequent Responses to Mail Survey Questionnaire Item 16: "Any Comments May be Made on the Back of this Page."	114
Appendix E: Letter Accompanying Mail Questionnaire .	116
Appendix F: Letter Reminding Employers to Return Mail Questionnaire	117

LIST OF TABLES

	<u>Page</u>
1. Scope and Response to the Vermont Mail Survey	21
2. Summary of Employer Response to Each Question in the Mail Survey	23
3. Employer Responses to Questions 1-16 When Question 1 is Answered "Yes"	26
4. Distribution of Willing Firms by Size of Firm	28
5. Responses to Questions 1-16 When Question 1 is Answered "Yes," by Size of Firm	29
6. Percent of Affirmative Responses to Questions 5, 6 and 7, by Size of Firm	30
7. Responses to Questions 1-16 When Question 1 is Answered "Yes," by SIC Code	34
8. Summary of Responses to Questions 1 and 3	38
9. Summary of Willing Employers' Responses to Questions 3 and 4	39
10. Summary of Willing Employers' Responses to Questions 5 and 6	40
11. Summary of Responses to Questions 2-4 and 7-16 When Questions 1, 5 and 6 are Answered "Yes"	43
12. Scope, Response and Blowup for the Vermont Face-to-Face Survey	46
13. Previous Participation in Manpower Programs by Willing and Unwilling Employers, by Size of Firm	47
14. Distinctions between Reasons for Not Having Participated in Manpower Programs Given by Willing and Unwilling Employers	48
15. Willingness and Unwillingness to Participate in a Wage Subsidy Program Related to Use of WIN Tax Credit	49
16. Reasons Given for Non-Use of WIN Tax Credit	49

	<u>Page</u>
17. Employer Reasons for Unwillingness to Hire Disadvantaged Workers and/or Welfare Recipients	51
18. Number of New Workers Hired During 1973 by Employers Who Are Willing and Unwilling to Participate	53
19. Number of New Workers Hired During 1972 by Employers Who Are Willing and Unwilling to Participate	54
20. Growth of Employment in 1973, by Size of Firm	56
21. Average Size of Work Force per Quarter for Employers Who Are Willing and Unwilling to Participate, by Size of Firm	58
22. Quarterly Work Force Variation for Eight Willing Firms with 100+ Employees	59
23. Average Entry Wage Rates in Occupations for Employers Willing and Unwilling to Participate, by Size of Firm	61
24. Alternative Recruitment Methods Used by Employers Willing and Unwilling to Participate, by Size of Firm	63
25. Employers Who Are Willing and Unwilling to Participate in a Wage Subsidy Program, by Size of Firm	64
26. Industrial Category of Employers Who Are Willing to Participate in a Wage Subsidy Program	65
27. Opinion of Acceptable Subsidy Level Provided by Employers Willing to Participate in a Wage Subsidy Program	66
28. Level of Subsidy Willing Employers Believe is Needed to Hire Subsidized Workers, by Size of Firm	68
29. Level of Subsidy Willing Employers Believe is Needed to Hire Subsidized Workers, by Industry	69
30. Occupational Groups That Subsidized Workers Would be Likely to Enter	71
31. Willing Employer Estimates of the Size of Their Anticipated Expansion	72

	<u>Page</u>
32. Occupational Groups that Subsidized Workers Are Likely to Enter Cross-Classified by Employer Estimates of Anticipated Expansion of Work Force During the Next Two Years	73
33. Willing Employer Opinion of Certain Characteristics Which Could Pertain to a Subsidized Job	74
34. Appropriate Duration of Subsidy as Stated by Willing Employers	75
35. Willing Employer Estimate of Potential Internal Problems that Could Arise from a Wage Subsidy Program	76
36. Reasons Given for Non-Anticipation of Problems Among Existing Work Force as a Result of Taking on Subsidized Workers	77

SECTION I

SUMMARY

During the past three years, the Vermont Department of Employment Security has conducted an experimental manpower project in the public and nonprofit sectors of the economy. This project used wage subsidies to help members of low-income families to obtain permanent jobs. This was accomplished by reimbursing employers through wage subsidies for a portion of their costs during the initial employment period.

Because of the limited number of possible job opportunities with public and nonprofit organizations, there has been speculation that such a wage subsidy program would have far more potential if it were extended to the private-for-profit sector. This is an approach which has been suggested by various experts in the manpower field.

This report, The Vermont Survey of Employer Receptivity to Wage Subsidy Programs in the Private Sector, details employer responses to a two-phase survey designed to gauge employer receptivity to the use of wage subsidies in the private sector. The survey and resultant report represent an effort by the Employment Service Division of the Vermont Department of Employment Security

to provide insights regarding employers' attitudes and feelings toward wage subsidy in the private-for-profit sector as a mechanism for ultimately placing unemployed, low-income persons in permanent, nonsubsidized jobs. The report is comprised of four sections:

Section I provides a "Summary" of pertinent aspects of the overall study.

Section II deals with the introduction, purpose, and history of the two-phase survey.

Section III provides a detailed "Analysis of Mail Survey Responses."

Section IV represents a detailed "Analysis of Face-to-Face Survey Responses."

Mail survey questionnaires were sent to 1,084 employers subject to Unemployment Insurance coverage or approximately one-half of such employers in Vermont with ten or more employees. The overall response rate was 71%. Construction of the sample involved stratification of the 2,037 Unemployment Insurance covered firms in Vermont into four size groups based on the number of employees in each firm, with the inclusion of all firms with one-hundred or more employees and random selection of approximately one-half of firms with less than one-hundred employees but more than nine.

The face-to-face survey, on the other hand, involved completion of extensive interviews with 269 private-for-profit employers, although only 249 survey questionnaires could be included in the data base used for the analysis. (For a detailed explanation of sample selection procedures, please refer to APPENDIX A.)

For both the mail survey and the face-to-face survey the data presented in the text are derived from blown-up sample data. Hence, these data are discussed as information that relates to the universe of firms in Vermont with ten or more employees rather than only the firms included in the sample.

A. Summary of Mail Survey Responses

Nearly one-half (46%) of all firms responding to the mail survey indicated interest in taking part in an Employment Service sponsored wage subsidy program for low-income persons. When the responses of only the 670 willing firms (those 46% of all firms responding to the mail survey who indicated an interest in participating in a wage subsidy program) are considered, it is apparent that such firms are quite highly receptive to a wage subsidy program. As an example, on Question 2 (Refer to APPENDIX B) "Would you consider 75% of the cost being assumed by such a program adequate?" positive responses were provided by 64% of all respondents and 92% of the willing employers.

Willing employers were more likely than unwilling firms to

have previously participated in other manpower programs that included the partial reimbursement of wages, such as on-the-job training programs. Among all respondents, 24% of employers had previously participated in such programs while 38% of willing employers had done so.

Willing employers were also more likely to consider a one-year term appropriate for subsidy. Among all respondents, 61% of employers responded positively regarding the appropriateness of a one-year term for subsidy, whereas 85% of willing employers did so.

Willing employers were far more likely than unwilling employers to foresee expansion of their work force within the next two years. While 39% of all respondents to the mail survey predicted expansion within two years, 64% of willing employers predicted expansion.

In addition to being more likely to foresee expansion of their respective work forces, willing employers were more likely to believe new jobs could be created in their firms if a wage subsidy was available during an initial training period. Whereas 22% of all respondents held this belief, 44% of willing employers did so. However, even among willing employers, receptivity to this idea was noticeably less strong than toward other potential aspects of a wage subsidy program. As will be noted later when dealing with the in-depth face-to-face survey, only 22% of willing employers among the face-to-face survey respondents felt a wage subsidy program could increase the anticipated expansion in their work force. Employers overall were generally not receptive to the idea that wage subsidies alone could add new jobs to a firm or increase anticipated expansion.

Willing employers among mail survey respondents were also more likely to be willing to guarantee employment of trainees for at least one year at the conclusion of the subsidy period. Whereas 29% of all respondents felt able to do so, 56% of willing employers expressed such a willingness.

When asked, "Would taking on a subsidized employee create problems among your existing work force?" willing employers were far less likely than all the respondents to predict such problems. Among all respondents, 23% foresaw such problems, 52% did not, and 25% failed to answer this question. Conversely, among willing employers, only seven percent foresaw such problems, 80% did not, and 12% failed to respond.

Although a majority of both all respondents and willing employers felt the amount of subsidy should change depending on abilities of the prospective trainees or skill requirements of the job, willing employers were more likely to hold this opinion. Among all respondents, 55% felt the amount of subsidy should be determined by abilities of prospective trainees or skill requirements

of the job; 70% of willing employers held such an opinion.

More employers among both all respondents and willing employers would prefer that a subsidy be paid to the employer rather than directly to the trainee. Among all respondents, 30% preferred the subsidy be paid to the trainee, 40% preferred the subsidy be paid to the employer, and 29% failed to respond to this question. Among willing employers, 40% preferred the subsidy be paid directly to the trainee, 56% preferred the subsidy be paid to the employer, and four percent failed to respond to this question.

A greater proportion of employers among both all respondents and willing employers required 11 years or less of formal schooling for entry level positions. Eleven years or less of formal schooling was required by 42% of all responding employers while 31% required 12 years or more. Eleven years or less was required by 57% of willing employers while 34% required 12 years or more.

Also, willing employers were more likely to train new employees on the job rather than to require prior job-related experience. Among all respondents, 54% indicated they usually train new employees on the job, while 16% indicated they require prior job-related experience. Among willing employers, 71% usually train new employees on the job, while 13% require prior job-related experience.

No significant differences were noted between all respondents and willing employers with regard to the number of months it normally takes new employees to thoroughly learn their jobs. Among all respondents, 22% of employers were of the opinion that new employees can normally thoroughly learn their jobs in less than six months, 30% felt that from six to 12 months is normally required, 22% believed that more than 12 months is required, and 20% failed to respond to this question. On the other hand, 25% of willing employers felt their new employees could thoroughly learn their jobs in less than six months, 39% felt that from six to twelve months would normally be required, 25% believed that more than 12 months would be required, and two percent did not respond to this question.

In like manner, no significant differences were noted between all respondents and willing employers with regard to the level of starting wages for entry level positions. Among all respondents, 19% of employers paid less than \$2.00 per hour as a starting wage for entry level positions, while 6% paid \$2.00 or more per hour and 17% did not respond to this question. Those willing employers who paid less than \$2.00 per hour amounted to 25%, while 69% paid \$2.00 or more per hour and one percent failed to respond to this question.

Finally, whereas 48% of all respondents stated they would be willing to provide data needed to study the effects of wage

subsidy payments for new employees, 88% of willing employers would agree to do so.

When one separates willing firms by size, certain variations can be noted.

The largest willing firms, although few in number, were far more likely than the smallest willing firms, in percentage terms, to have previously participated in other manpower programs that included the partial reimbursement of wages. Among firms with 100 or more employees, 48% had previously participated. Comparable figures for prior participation for firms in other strata were 44% in the 20-49 employee strata, 37% in the 50-99 employee strata, with the least prior participation in terms of percentages appearing in the 10-19 employee strata at 31%.

Willing firms in the 50-99 employee strata were somewhat less likely to foresee work force expansion within the next two years than were other willing firms: 53% of 50-99 employee firms foresaw such expansion. Comparable figures for other strata were 63% of firms in the 100 or more employee strata, 64% in the 10-19 employee strata, and a high of 66% in the 20-49 employee strata.

Firms in the 100 or more employee strata were noticeably less likely to predict that new jobs could be created if a wage subsidy were available during an initial training period: only 30% of 100+ employee firms were willing to predict such expansion. Other size firms were quite evenly distributed in their outlook with 47% of 20-49 strata firms, 44% of 10-19 strata firms, and 43% of 50-99 strata firms predicting new jobs could be created as a result of wage subsidies.

Firms in the 100 or more employee strata were somewhat less likely to be willing to guarantee employment for one year beyond the subsidy period than were employers in the other three strata. Only 46% of such larger firms were willing to make such a guarantee. Comparable figures for other strata were 58% for the 20-49 employee strata, 57% for the 50-99 employee strata, and 55% for the 10-19 employee strata.

Employers within the 50-99 employee strata had the lowest percentage of entry level positions requiring 11 years or less of formal schooling, and consequently the highest percentage of entry level positions requiring 12 years or more of formal schooling. The greatest variation occurred between the 50-99 employee strata (47%, 11 years or less; 43%, 12 years or more) and the 20-49 employee strata (63%, 11 years or less; 29%, 12 years or more).

The 50-99 employee strata also tended to have the highest percentage of jobs that could be learned quickly: 43% of the jobs in this strata could be learned in six months or less. Comparable figures among other strata were 24% for the 100+ strata,

23% for the 10-19 employee strata, and 22% for the 20-49 employee strata.

No other variations by firm size appeared to be significant.

When one separates willing firms by industrial category, certain variations can be noted.

Willing firms in the industrial category of Retail & Wholesale Trade are most likely to have previously participated in other manpower programs that included the partial reimbursement of wages (48% participation). Conversely, firms in the industrial category of Financial, Insurance, & Real Estate are least likely to have participated in such programs (12% participation).

Firms in the industrial category of Manufacturing are most likely to foresee expansion of their work force within the next two years (78% foresee expansion). Conversely, firms in the industrial category of Financial, Insurance, & Real Estate are least likely to foresee expansion of their work force within the next two years (50% foresee expansion).

Firms in the industrial category of Construction are noticeably more likely to feel that new jobs could be created if training were subsidized (50% of Construction firms held this feeling) than are Financial, Insurance, & Real Estate firms who held this opinion least (25% felt that new jobs could be created if a subsidy were available).

Firms in the industrial category of Retail & Wholesale Trade were significantly more willing to guarantee employment for one year beyond subsidy than were Construction firms, the industrial category least willing to guarantee employment for one year beyond subsidy: 60% of Retail & Wholesale Trade firms were willing to guarantee employment compared to 40% of Construction firms.

Firms in the industrial category of Financial, Insurance, & Real Estate required more formal schooling for entry level positions (67% required 12 years or more) than firms in other industrial categories, while Manufacturing and Construction firms required the least formal schooling for entry level positions (71% and 68% respectively required 11 years or less).

Firms in the industrial category of Services were significantly more likely than firms in all other industrial categories to have jobs that could be learned thoroughly in six months or less (54% had such easily learned jobs). Conversely, Construction firms were most likely to have jobs that would require more than 12 months to learn thoroughly (58% of Construction firms had jobs requiring more than 12 months to learn thoroughly).

Firms in the Services category were most likely to pay less than \$2.00 per hour for a starting wage (43% paid less

than \$2.00 per hour). Conversely, no firms in the industrial category of Transportation paid starting wages of less than \$2.00 per hour.

All other variations by industrial category seem less significant than those described above.

B. Summary of Face-to-Face Survey Responses

While the mail survey sought to obtain opinions of a large sample of private sector employers in response to a limited number of questions, the face-to-face survey asked a much greater number of more in-depth questions to a more limited sample of employers (See APPENDIX C).

It is estimated from the face-to-face survey data that 66% of the private sector employers in Vermont with ten or more employees, or approximately 1100 firms, would be willing to participate in a wage subsidy program designed to move welfare recipients or disadvantaged workers into permanent, nonsubsidized employment.

Thus, 66% of respondents to the face-to-face survey stated a willingness to participate in a wage subsidy program while only 46% of respondents to the mail survey stated such willingness. Why were face-to-face survey respondents noticeably more likely to agree to participate in a wage subsidy program than were respondents to the mail survey? The most likely explanation is that mail survey respondents were more often unwilling to commit themselves on the basis of the limited information provided to them on the survey instrument than were face-to-face survey respondents who were provided more detailed information with which to form a judgment. Mail survey respondents were asked 16 questions, all of which had to be printed on an 8½" by 11" sheet which also allowed room for responses. Such questions had to be asked in an extremely concise manner with a minimum of explanatory detail. Questions asked of face-to-face survey respondents, on the other hand, were stated in much greater detail, often with examples and definitions provided, by interviewers who had been trained to probe for specific and complete answers.

1. Conditions Under Which Employers Would Be Willing to Participate in a Wage Subsidy Program

The estimated 66% of Vermont private sector employers with ten or more employees, or approximately 1100 firms, that are estimated by the face-to-face survey portion of this two-phase survey to be willing to participate in a wage subsidy program indicated a willingness to utilize either welfare recipients or disadvantaged workers. Such willing employers had a slight, but not marked, preference for disadvantaged workers over welfare recipients.

The greatest number of willing firms (366 firms) would be

likely to accept subsidized workers into Service occupational groups, while 348 firms would be likely to utilize subsidized workers in Clerical & Sales occupations. Comparable figures for other occupational groups show 203 firms likely to utilize subsidized workers in Machine Trades, 184 firms likely to utilize subsidized workers in Structural Work, 143 firms likely to utilize such workers in Professional, Technical, & Managerial occupations, and 135 firms likely to utilize subsidized workers in Processing occupations.

The overwhelming majority of willing firms (1066 firms or 96%) stated that subsidized jobs within their firms would be entry level jobs rather than more advanced positions.

Willing employers were queried to determine their opinion as to whether or not jobs with certain characteristics should be included in a wage subsidy program. Employer opinion was as stated below:

	<u>YES</u>	<u>NO</u>	<u>N.R.</u>
Low Wage Jobs (Minimum wage or less)	78%	21%	1%
Jobs Without Fringe Benefits	72%	27%	1%
Jobs Without Promotion Possibilities	63%	34%	3%
Seasonal Jobs	55%	44%	1%
Part-time Jobs	48%	50%	2%
High Turnover Jobs	33%	66%	1%

More than 71% of all employers willing to participate in a wage subsidy program felt that 12 months or less would be an adequate duration for a subsidy, and 35% of willing employers judged a six month subsidy duration to be adequate. Conversely, 17% of willing employers were of the opinion that an adequate duration of subsidy would be 18 months or more.

In addition, 771 willing employers (70%) believed a subsidy should decrease over a period of time. Twenty-eight percent felt the subsidy level should remain constant throughout the duration of the subsidy, and two percent did not respond to this question.

Furthermore, 75% of all willing employers were of the opinion that the duration of wage subsidy should depend on the characteristics of the job such as skill or educational requirements. In this vein, 80% of all willing employers were of the opinion that

subsidy levels should depend on characteristics of workers such as ability, experience and education. Conversely, employers were not nearly as unanimous in their opinions as to whether the subsidy rate should depend on the wage level of the job. Only 490 willing employers (44%) felt a subsidy rate should depend on the wage level of the job.

With regard to the level of subsidy, fully 73% of all willing employers were of the opinion that a subsidy level of 50% or less would be acceptable. Perhaps surprisingly, very few willing employers, 122 firms or 11%, felt a subsidy level of more than 50% would be necessary. In other words, 812 willing employers (73%) would be willing to pay from 50% to 75% of a disadvantaged worker's salary, while the government paid the remainder.

The majority of employers disagreed with the idea that the level of subsidy for each job in a contemplated wage subsidy program could be determined effectively through a bidding process among employers. Under such a method a bid would be submitted in the form of a proposal by an employer stating his commitment to a program. The company offering the most attractive proposal and training plan within a given industry would be granted the first opportunity to participate in such a program. Of all willing employers, 745 or 67% did not feel a bidding process would be an effective method of determining the level of subsidy for various jobs.

Fully 86% of all willing firms, or 952 firms, stated they would be willing to guarantee full-time employment at the end of the subsidy period if the trainee performed satisfactorily on the job during the subsidy period. This willingness was evidenced by a high of 100% among firms with 100 or more employees to a low of 67% among firms with 50-99 employees.

Ninety-five percent of all willing employers stated that at termination of the subsidy period they would agree to pay formerly subsidized workers the wage they received during the subsidy period plus increases determined through regular promotion policies. Only three percent of willing employers were unwilling to make such an agreement.

Willing employers were asked whether they would prefer a subsidy to be paid directly to the trainee or to the employer. The majority, 643 employers or 58% preferred that the subsidy be paid to the employer. Conversely, 405 employers or 37% preferred that the subsidy be paid directly to the trainee.

The great majority of willing employers, 852 firms or 77% were of the opinion that fringe benefits should be provided to subsidized workers. When asked if they believed the level of subsidy should apply to wages and salary only, or to wages, salaries, and fringe benefits, 604 firms or 55% stated the subsidy should apply to wages, salaries, and fringe benefits.

Eighty-six percent of all willing firms, or 957 employers, were quite willing to agree not to displace a regular employee with a subsidized worker during the subsidy period.

The majority of willing employers, 734 firms or 66% would be willing to have their supervisors participate in interpersonal relationships training, while 342 employers would be unwilling to insure such participation.

Employers proved to be strongly in favor of frequent evaluations of subsidized workers. It was the opinion of 772 willing firms or 70% that the appropriate frequency of performance evaluations for subsidized workers is every month. Every three months was viewed as the appropriate frequency by 191 employers or 17%, while 118 firms or 11% viewed every two months as an appropriate frequency of performance evaluation for subsidized workers.

A total of 976 employers, or 88% of the willing employers, indicated a willingness to provide data on the employment history of the firm and the employment experience of subsidized workers. However, 127 employers, or 11% of all willing employers, were either unable or unwilling to agree to provide such data.

All employers who were willing to participate in a wage subsidy program were queried as to their opinions on the value of formalized training as a supplement to a wage subsidy program. Nearly four out of five employers (868 firms or 78% of all willing employers) believed that subsidized workers should receive formal training, either on or off the job, during the subsidy period. Forty-six percent of willing employers or 513 firms felt such training could best be provided on the job. Approximately 52% of all employers willing to participate in a wage subsidy program, or 572 firms, expressed a willingness to release subsidized workers for additional basic education if such experience seemed appropriate.

Slightly more than four out of five employers (908 firms, or 82% of all willing firms) felt that the provision of supportive services such as medical, transportation, or counseling by the Employment Service for subsidized workers would be beneficial in the early stages of their training. Approximately two-thirds of all willing employers (716 or 65%) would be willing to allow subsidized workers a certain amount of release time to receive supportive services when necessary. Conversely, 29% of willing employers would be unwilling to provide such release time.

2. Characteristics of Firms Willing to Participate in a Wage Subsidy Program

Approximately 26% of Vermont employers with 10 or more employees have previously participated in manpower programs and about 30% of employers who are willing to participate in the wage subsidy program have participated in other manpower programs. By

contrast, about 20% of employers who are not willing to participate in the wage subsidy program have participated in other manpower programs.

With regard to industrial category of Vermont firms willing to participate in a wage subsidy program, the largest percentage of willing firms may be found in the category of Retail & Wholesale Trade (425 firms or 38% of willing firms). Following in descending order are Manufacturing (246 firms or 22%), Service Industries (200 firms or 18%), Construction (153 firms or 14%), Finance, Insurance, & Real Estate (60 firms or five percent), and Transportation (24 firms or a mere two percent of the willing employers in Vermont). Sixty percent of Vermont employers expressing a willingness to participate in a wage subsidy program are to be found in the industrial categories of Retail & Wholesale Trade or Manufacturing.

Nearly half, 534 firms or 48%, of all willing employers (only firms with ten or more employees were part of the sample) in Vermont have from 10-19 employees, while an additional 434 firms (or 39%) have from 20-49 employees. In Vermont, willing employers are pretty much restricted to smaller firms; 968 willing employers or 87% employ less than 50 workers. Conversely, only 140 firms or 13% employ 50 or more workers. Firms in the 50-99 employee strata are most likely to agree to participate; 83% of such firms were agreeable to participation in a wage subsidy program, although such firms represent only nine percent of all willing firms. In descending order, comparable figures for other strata are as follows: 78% of firms in the 20-49 strata were willing and such firms represent 39% of all willing firms; 71% of firms in the 100 employees-or-more strata were willing, but such firms represent only four percent of all willing firms; only 56% of firms in the 10-19 employee strata were willing but such firms represent 48% of all willing firms.

When employers were asked if they anticipated an expansion in their work force during the next two years, 50% or 554 willing firms replied "yes," while 46% or 514 firms replied "no" and 41 firms or four percent failed to respond to this question.

3. Differentiating the Willing Employer from the Unwilling Employer

The face-to-face survey of Vermont private sector employers found that employers who are willing to participate in a wage subsidy program more frequently hired large numbers of workers than employers who are unwilling to participate in a wage subsidy program. For example, approximately 42% of employers who are willing to participate in a wage subsidy program hired more than ten workers in 1973 while 35% of employers who are unwilling to participate in a wage subsidy program hired more than ten workers in 1973. Similarly, nine percent of employers who are willing to participate in a wage subsidy program hired seven to nine workers during 1973 while only three percent of employers who are unwilling

to participate in a wage subsidy program hired seven to nine workers during 1973. However, unwilling firms tended to be more likely to hire from one to six new employees during 1973. Survey data concerning the number of new workers hired during 1972 evidences a pattern similar to that described above.

Willing employers across all strata experienced a greater average growth rate during 1973 than did unwilling firms. The average growth rate for 1973 of willing employers in both the 50-99 employee strata and the 100-or-more employee strata is substantially greater than that for unwilling firms in the same strata. Willing firms with 50-99 employees had the highest average growth rate for 1973, 56%. Clearly, firms with a relatively high rate of recent past expansion tend to be more willing to participate in a wage subsidy program than are firms with a relatively low rate of recent past expansion.

The range of variation in quarterly employment is greater in firms that are willing to participate in a wage subsidy program than in firms that are not willing to participate in a wage subsidy program for firms with 10-19, 20-49, and 100-or-more employees. Only in the size group of 50-99 employees do firms that are willing to participate have a lower range of variation in quarterly employment.

With regard to the range of entry level wage rates in the occupations for which employers would be likely to hire subsidized workers, it was found that willing employers in the 10-19 employee strata tend to pay lower average entry level wage rates than do unwilling employers in this strata. Conversely, willing employers in the 20-49 employee strata tend to pay higher average entry level wage rates than do unwilling employers in this strata.

With regard to utilization of alternative recruitment methods, it was found that both willing and unwilling employers across all strata apply a great deal more importance to the Vermont State Employment Service as a source of recruitment for new workers than they apply to private employment agencies. However, employers who are unwilling to participate in a wage subsidy program in all sizes of firms utilized private employment agencies less than employers who are willing to participate in a wage subsidy program.

4. Impact Considerations

When asked if they anticipated that their nonsubsidized personnel would cooperate fully with any subsidy program the employer might decide to participate in, only 68 employers, or six percent of the willing employers, anticipated lack of cooperation from nonsubsidized personnel. The great majority, 950 firms or 86%, anticipated complete cooperation. In fact, 786 firms, or 71% of all willing employers, did not believe that taking on subsidized workers would create any problems whatsoever among their existing work force; however, 273 firms or 25% did anticipate problems.

Forty-three percent of willing employers, or 473 firms, stated a belief that a wage subsidy program could give some firms a competitive advantage over other firms. On the other hand, 594 firms or 54% did not expect that a wage subsidy program in one firm would create a competitive advantage over other firms. Employers were less willing to state the opinion that any such advantage might be significant. Only 174 employers or 16% believed that the potential amount of competitive advantage created by a wage subsidy program could be significant, and 337 employers or 30% did not believe it would be significant. However, 597 employers or 54% did not respond to the issue of degree of potential competitive advantage.

When employers were asked if they anticipated an expansion in their work force during the next two years, 554 or 50% of the willing firms replied "yes." However, when employers were asked their opinion as to whether or not a wage subsidy program could increase the anticipated expansion in their respective work forces during the next two years, only 238 employers or 22% replied "yes." More than 73% or 811 employers felt a wage subsidy program would not increase anticipated expansion in the work force.

SECTION II

INTRODUCTION

This report is the result of a two-phase survey made by the Vermont Department of Employment Security regarding the receptivity of private employers in Vermont toward wage subsidies in their sector of the economy. The Vermont Department of Employment Security was initially funded by the Department of Labor to operate an Experimental and Demonstration (E&D) Manpower Pilot Project for a three year period. The project commenced on July 1, 1970 and continued its operational activities through June 30, 1973.

The project was initiated because of the interest in welfare reform legislation under consideration at that time at the national level. The project consisted of two manpower components, the major one of which was called the Special Work Project or Public Service Employment. The project was an experiment designed to provide those with manpower planning responsibility with basic empirical data on the effectiveness of PSE as a mechanism to assist members of low-income families with children and welfare recipients in moving into full-time unsubsidized employment. The main concern of the program was in developing meaningful job opportunities with public and nonprofit private employers in which to place clients to provide them with work experience. The objective of this experience was to instill proper work habits and knowledge to the participants so that they could move into the regular labor force and thus reduce their dependency on public funds.

One of the more important issues identified during the operational phase of the Special Work Project was that the utilization of only public and nonprofit organizations as sites for "work experience" imposed severe limitations on the ability of clients to be absorbed into the labor market. There were a number of reasons for arriving at this conclusion. First, the public sector had a limited quantity of permanent jobs available in which to retain many of the large number of clients who had received work experience. Second, there were a limited number of types of jobs in the public sector which were analogous to jobs in the open labor market. Third, because of budgetary constraints many public sector employers could not fund additional jobs without continued subsidization from an outside source. Fourth, there were often restrictions on hiring practices in the public sector because of civil service and state merit system requirements that had to be met. Finally, there was limited

"transferability" of job training experience from the public sector to the private sector because of dissimilarity in the types of jobs.

In view of these limitations, the Vermont E&D Project felt that it was essential to explore new methods of achieving employment for unemployed members of low-income families with children. One of the alternatives advanced that seemed to have particular merit was that of testing the range of employment opportunities in the private sector through a wage subsidy program or Special Work in the private sector. The objectives of such a test would be to determine whether or not the absorptive capacity of the labor market could be substantially increased for unemployed members of low-income families with children by providing them with "work experience" with private sector employers. Further, it would be used to determine if clients would be better qualified to compete for existing jobs more closely resembling those in the open labor market, and to see if clients could achieve greater transferability from temporary work experience to permanent nonsubsidized employment.

In advance of funding a possible experimental project of this nature, the Department of Labor felt it necessary to conduct a survey of private sector employers to determine their receptivity towards such a wage subsidy program.

The following report is an analysis of surveys conducted by the Vermont E&D Project to determine the receptivity of private sector employers in regard to a wage subsidy program. Two separate surveys were conducted: first, a mail questionnaire with a sample of firms covered by unemployment insurance, and second a face-to-face interview with a selected sample of covered employers.¹

During the second year of the Vermont E&D Project a request was made for modification of the project guidelines to allow for subsidization of wages in private industry for nonproduction related jobs. The Vermont legislature had in recent years passed significant legislation in the fields of Occupational Safety (Act 205, the Vermont Occupational Safety and Health Act), Environmental Protection (Act 250), and Water Classification and Pollution Control (Act 252). This legislation placed additional burdens on private industry and required major changes in operations involving financial investment. Although these requirements did not necessarily increase productivity, they were part of the "social costs" of doing business in a community. It was felt at that time that new jobs could be created in the private sector in areas that would not be production related and thus would not establish a competitive advantage of one firm over another. The intent of this experimental effort was to subsidize

¹"Covered employers" are those employers subject to unemployment compensation coverage.

wages of members of low-income families with children during an interim training period to assist private industry in the initial stages of changing over to meet new legislative mandates. It was hoped that new jobs could be created without competitive advantage accruing to the firm because a nonproduction related job was being subsidized.

The Vermont E&D Project received authorization to experiment with subsidization of nonproduction related jobs in the private or profit making sector on a limited scale. The object was to determine whether Special Work could be used effectively to place unemployed low-income members of families with children in jobs created through the efforts of employers to pay the social cost of doing that business.

Efforts by local office job developers proved fruitless in obtaining nonproduction related jobs as envisioned for this experiment. Most firms affected by the legislative mandates were not large enough to employ an individual full time on jobs in these categories. Most larger firms that were required to meet legislative specifications had already made arrangements and were not interested in a wage subsidy program for these jobs.

During the third year of the E&D Project, a proposal was submitted by the Vermont Department of Employment Security to conduct an experiment providing wage subsidies in the private sector for any type of job. Under this arrangement, wages of unemployed low-income family members with children would have been subsidized for regular entry level jobs whether or not such jobs were production related. They would have to have been jobs where openings were available in the economy and the probability of retention or transferability existed.

There had been much interest within the Department of Labor and private research organizations to experiment with wage subsidies in the private sector. After giving the proposal serious consideration, it was decided by the Office of Research and Development, Manpower Administration, that a preliminary study should first be undertaken. It was envisioned that this study should be in the form of a survey to determine the attitudes of employers in the private sector toward wage subsidy programs in general and to see how receptive they might be to various aspects of such programs.

In August 1973, an agreement was reached to conduct a two-phase survey of covered firms in the state of Vermont. The first survey was to be a mail survey of a selected group of Vermont employers to be determined later. The second survey was to be a more in-depth interrogation by conducting personal interviews with a smaller group of Vermont employers. The size of this sample was also to be determined at a later date. After the surveys were conducted, the results would be tabulated, analyzed and reported.

In October 1973, a research organization was contracted to assist the Vermont E&D Project staff in their efforts to conduct this survey. This consulting firm was brought in to augment the staff in certain areas where expertise was needed, including sample selection criteria, validation of responses, and analysis of final tabulations of responses for both surveys. For a detailed explanation of survey structure, sample selection, and survey processes, please refer to APPENDIX A.

SECTION III

ANALYSIS OF MAIL SURVEY RESPONSES

A. Sample Design

The mail survey is based on a simple, random, stratified sample. No employers were selected with less than 10 employees, and a census was taken of all employers with 100 or more employees. Firms with 10-99 employees were divided into three groups, i.e., firms with 10-19, 20-49, and 50-99 employees, and 50% of the firms in each of these size groups were included in the sample.

Part of the data processing of the information collected for the survey involved "blowing up" or "grossing up" the sample data. This step was undertaken so the survey information would apply to all firms with ten or more employees rather than to just the firms surveyed. Justification for such a practice depends on the sample design, sample selection process, and sample size; the Vermont sample for the mail survey satisfies all the requirements. The sample is simple and random, the sample frame was fully defined, and the sample selection process was computer executed to randomly select each firm included in the sample. Finally, the sample includes 1084 firms, and consequently is large enough to justify inferences concerning the universe of firms in Vermont under study.

The "blowing up" process involved double counting the information collected from all firms sampled with 10-99 employees. This step was undertaken because only half the firms in this size range were included in the study and the sample design is such that the firms not included in the study can be assumed to be identical to the firms included in the sample with respect to the information collected in the survey. Information from firms with 100 or more workers was not doubled because a census was taken of these firms, as is noted above.

The data presented in the text are derived from blown-up sample data. Hence, these data are discussed as information that relates to the universe of firms in Vermont with ten or more employees rather than to only the firms included in the sample.

A note of caution is necessary with regard to possible bias in non-response to the mail survey. The final tabulation of responses to Question 1 of the mail survey indicates that 46% of employers would be interested in taking part in a wage subsidy

program. A tabulation of the last 63 responses to the questionnaire indicates, however, that only 33% of these 63 employers are interested in taking part in a wage subsidy program. The difference in these percentages creates the suspicion that higher proportions of employers who are favorably disposed to a wage subsidy program responded to the survey than employers who are unwilling to participate in the program. Non-response to the mail survey consisted of 310 employers, or 29% of those receiving questionnaires.

Statistical tests applied to the first 625 and the last 63 responses to Question 1 on the mail survey indicate a significant difference between response rates. That is, the difference between the percent of employers who are willing to participate in a wage subsidy program in the first 625 and the last 63 questionnaires returned in the mail survey, 49% and 33% respectively, is too great to have occurred by chance 99% of the time. Hence, the difference is explained by differences in employer willingness to participate in a wage subsidy program or some other factor yet to be identified.

This section of the total report describes the results of the mail survey conducted during the first three months of 1974 to explore employer receptivity towards a potential experimental and demonstration project designed to provide wage subsidies to firms in the private sector of Vermont. The scope and response rate of the mail survey is described in TABLE 1. This table indicates that questionnaires were sent to 1,084 employers or approximately one-half of the employers in Vermont with ten or more employees, and that the overall response rate was 71%. Construction of the sample involved stratification of the 2,037 firms in Vermont into four size groups based on the number of employees in each firm, inclusion of all firms with one-hundred or more employees, and random selection of approximately one-half of firms with less than one-hundred employees. Finally, TABLE 1 indicates that response rates within the individual strata are within six percentage points of the overall response rate of 71%.

TABLE 1

Scope and Response to the Vermont Mail Survey

<u>No. of Employees</u>	<u>No. of Firms in Vermont</u>	<u>No. of Firms Included in the Mail Survey</u>	<u>Response to the Mail Survey</u>	<u>Percent Response to the Mail Survey</u>
10-19	1059	529	373	70.5
20-49	672	336	239	71.1
50-99	174	87	60	70.0
100+	132	132	102	77.3
TOTAL	2037	1084	774	71.4

B. Employer Response to Each Question in the Mail Survey

The mail survey contained 15 multiple choice questions concerning employer attitudes towards a wage subsidy program (Refer to APPENDIX B) and requested any additional comments that employers might wish to provide. TABLE 2 provides a summary of employer response to each of the 15 questions and indicates the number of employers that provided additional comments on the questionnaire.

TABLE 2 indicates that roughly one-half (46%) of employers responded positively to Question 1; that is, they indicated a willingness to take part in a wage subsidy program for low-income persons sponsored by the Vermont Department of Employment Security. Sixty-four percent of the firms (923 firms) responded positively to Question 2 which asked whether or not a 75% wage subsidy is adequate; and 24% of the firms (344 firms) indicated through Question 3 that they had previously participated in manpower programs that included partial reimbursement of wages.

Sixty-one percent of employers responded through Question 4 that one year is an appropriate duration for a wage subsidy, and 39% of the firms surveyed revealed through Question 5 that they anticipated an expansion of their work force within the next two years. Twenty-two percent of the firms (320 firms), by contrast, indicated through Question 6 that they could create new jobs if a wage subsidy was available.

Twenty-nine percent of the firms (416) expressed a willingness to guarantee employment of the trainee at the end of a one year subsidy period through Question 7 and 23% of surveyed firms, (334) indicated through Question 8 that employment of subsidized workers would not create personnel problems among existing work forces. Employer response to Questions 9 and 10 indicated 55% of the employers surveyed believe that the amount of subsidy should depend on abilities of subsidized workers or skill requirements of the job, and 41% of employers (586 firms) prefer to have the subsidy paid to them rather than to the trainee. Thirty percent of firms prefer to have wage subsidies paid to the

workers themselves, and 30% of employers did not respond to this question. (An overview of the pattern of non-response to all 15 questions is also provided by TABLE 2.)

Thirty-one percent or 455 of the firms require new workers to have 12 or more years of education. About 42% or 613 of the employers require 11 or less years of schooling as job entry requirements, and 22% of employers did not respond to this question.

Employer response to Question 12 reveals that 54% or 780 of the firms under study usually train new employees themselves rather than require workers to have prior job-related experience. Response to Question 13 indicates that employer estimates of the length of time new workers take to thoroughly learn their jobs is:

- a. less than 6 months in 22% of sampled firms
- b. 6-12 months in 31% of sampled firms
- c. more than 12 months in 22% of sampled firms

Nineteen percent (269) of the employers surveyed indicated through Question 14 that their starting wage for entry level positions is less than \$2.00 an hour and 60% (871) of employers indicated that such wage rates exceed \$2.00 an hour. Forty-eight percent or 701 of the employers under study expressed a willingness to provide data needed to study the effects of a wage subsidy program through Question 15, while 22% of employers expressed an unwillingness to provide such data.

Additional information collected in the mail survey includes written comments on some aspect of the survey which 32% of the employers who responded to the questionnaire provided voluntarily. These comments are summarized in APPENDIX D.

Finally, non-response to Question 1, which concerns employer willingness to participate in a wage subsidy program, is less than one percent, while non-response to the other 14 questions ranges from about 13% to 30% and exhibits no clear pattern. Lack of contextual information related to certain questions asked, however, is one possible explanation for variation in response rates among questions. For example, non-response to Question 3 which asks whether or not employers previously participated in manpower programs, is 13% and the question is probably easily comprehensible to employers without provision of further information. Non-response to Question 2, however, is 27%. This question probes employer views concerning the adequacy of a 75% rate of wage subsidy, but does not provide information on such aspects of the question as descriptions of the type of jobs or qualifications of the workers involved in the subsidy. Contextual aspects of this question and the others included in the mail survey were purposely not added to minimize the complexity of the questionnaire and help insure high response rates.

TABLE 2
Summary of Employer Response to Each Question in the Mail Survey

	PREFERRED RECEIVER OF WAGE SUBSIDIES				FORMAL EDUCATIONAL ENTRY REQUIREMENT				LEARNING PERIOD FOR NEW EMPLOYEES				STARTING WAGE IN ENTRY POSITIONS			
	Trainee		Employer		11 yrs. or less		12 yrs. or more		< 6 mos.		6-12 mos.		< \$2.00		\$2.00 - \$2.00	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%
1. Are you interested in participating in a wage subsidy program?	670	46.3	766	52.9												
2. Is a 75% wage subsidy adequate?	923	63.8	132	9.1												
3. Have you previously participated in manpower programs?	344	23.7	911	63.0												
4. Is a 1 yr. term appropriate for subsidy?	841	60.9	205	14.1												
5. Do you foresee expansion of your work force in next 2 yrs?	570	39.4	615	42.5												
6. Could new jobs be created if training were subsidized?	320	22.1	862	59.6												
7. Would you guarantee employment 1 year beyond subsidy?	416	28.7	657	45.4												
8. Would a subsidy employee be a problem in your work force?	334	23.0	751	51.9												
9. Should subsidy be proportionate to skill/ability?	800	55.3	234	16.1												
10. Pay subsidy to trainee? (YES) Pay subsidy to trainee? (NO) (Pay to employer instead)			432	29.8	586	40.5										
11. Is your required entry education: 11 or less (YES) 11 or less (NO) (Req. 12 or more) Both:					613	42.3	455	31.4					324	22.4	442	30.5
12. Do you train new employees: (YES) Do you train new employees: (NO) (Req. Job Rel. Exper) Both:																
13. Can employee learn job in less than 6 mo? (YES) Can employee learn job in less than 6 mo? (NO) (Rather, 6-12 mos.) Takes more than 12 mos. to train. per. in all categories.																
14. Is your starting wage: less than \$2 (YES) less than \$2 (NO) (Rather, more than) Are your starting wages both \$2 / \$2?																
15. Would you receive rate to study effect of subsidy on new employees?																
16. Comments Attached?	470	32.5														

269 18.6 871 60.7

TABLE 2
Cont

TRAINING ACQUISITION					Non-Response				
On the Job		Prior Exp.							
#	%	#	%	#	%	#	%	#	%
1.						10	0.6		
2.						391	27.0		
3.						191	13.2		
4.						360	24.8		
5.						261	18.0		
6.						264	18.2		
7.						373	25.7		
8.						361	24.9		
9.						412	28.4		
10.						428	29.5		
11.						323	22.3		
12.	780	53.9	229	15.8		245	16.9		
13.						284	19.6		
14.						269	17.2		
15.						420	29.0		
16.						976	67.4		

C. Responses of Employers Willing to Participate in a Wage Subsidy Program

When the responses of only the 670 willing firms (those who answered "yes" to Question 1) are examined, the results are quite different from the overall responses. TABLE 3 presents the overall responses when the answer to Question 1 was "yes."

Reference to TABLE 3 indicates that 617 willing firms (92%) said a 75% wage subsidy would be adequate (Q2), and 572 (85%) willing firms believed a one-year subsidy would be appropriate (Q4).

Of the 670 positive responses, 38% of the employers have previously participated in manpower programs (Q3).

Expansion of the work force within the next two years (Q5) was anticipated by 428 willing firms (64%), while only 294 (44%) felt that new jobs could be created if training were subsidized (Q6); 373 firms (56%) indicated they would be willing to guarantee employment for a year following the subsidy period (Q7).

Regarding whether or not taking on subsidized employees would create problems, 538 willing firms (80%) felt that the subsidized employee would not represent a problem to the existing work force (Q8).

Seventy percent of willing employers (473) felt that the subsidy should be proportionate to skill and ability (Q9), while 385 (57%) had entry education requirements of 11 years or less (Q11), and 479 (71%) firms usually trained new employees rather than requiring job-related experience (Q12). As to the length of time required for a new employee to learn his job (Q13), 261 (39%) firms responded that it took six to 12 months, 165 (25%) said less than six months, and 169 (25%) firms said more than 12 months; finally, 59 firms (nine percent) had jobs in all categories. (The responses of the 59 firms that had jobs in all three duration of learning categories, however, are not tabulated in TABLE 3.) With regard to wages, 466 firms (69%) had starting wages of more than \$2.00 per hour (Q14).

The majority of willing employers who responded to Question 10 (373 or 56%) preferred having the subsidy paid to themselves rather than directly to the trainee, but 271 (40%) preferred having the trainee paid directly.

Employers who are willing to participate in a wage subsidy program indicated a willingness to provide data on the effect of the subsidy on new employees (Q15), with 587 (88%) responding "yes."

Additional comments were attached by 204 firms (30% of the willing firms). Many of these comments are included in APPENDIX D.

TABLE 3
Employer Responses to Questions 1-16 when Question 1 is Answered "Yes"

QUESTIONS 1-16	Yes		No		PREFERRED RECEIVER OF WAGE SUBSIDIES				FORMAL EDUCATION ENTRY REQUIREMENT				LEARNING PERIOD FOR NEW EMPLOYEES				STARTING WAGE IN ENTRY POSITIONS			
	No.	%	No.	%	Trainee	Employer	%	%	11 yrs.	12 yr. or more	%	%	< 6 mos.	6-12 mos.	> 12 mos.	%	< \$2.00	\$2.00 - 24.6	> \$2.00	%
1. Are you interested in participating in a wage subsidy program?	670	100.0	0	0																
2. Is a 75% wage subsidy adequate?	617	92.0	21	3.1																
3. Have you previously participated in manpower programs?	254	37.9	414	61.7																
4. Is a 1 yr. term appropriate for subsidy?	572	85.3	79	11.8																
5. Do you foresee expansion of your work force in next 2 yrs?	428	63.8	205	30.5																
6. Could new jobs be created if training were subsidized?	294	43.8	321	47.9																
7. Would you guarantee employment 1 year beyond subsidy?	373	55.6	236	35.2																
8. Would a subsidy employee be a problem in your work force?	48	7.1	538	80.2																
9. Should subsidy be proportionate to skill/ability?	473	70.5	132	22.6																
10. Pay subsidy to trainee? (YES) Pay subsidy to trainee? (NO) (Pay to employer instead)					271	40.4	373	55.6												
11. Is your required entry education: 11 or less (YES) 11 or less (NO) (Req. 12 or more) Both:					385	57.4	230	34.3												
12. Do you train new employees: (YES) Do you train new employees: (NO) (Req. Job Rel. Exper) Both:																				
13. Can employee learn job in less than 6 mo? (YES) Can employee learn job in less than 6 mo? (NO) (Rather, 6-12 mos.) Takes more than 12 Have jobs w/ trng. per. in all categories.													165	24.6	261	38.9	169	25.2		
14. Is your starting wage: less than \$2 (YES) less than \$2 (NO) (Rather, more than) Are your starting wages both < \$2 & > \$2?																	165	24.6	466	69.5
15. Would you provide data to study effect of subsidy on new employees?	587	87.6	35	5.2																
16. Comments Attached?	204	30.4																		

TRAINING ACQUISITION				Non-Response	
On the Job	Prior Exp.				
$\frac{\#}{\%}$	$\frac{\#}{\%}$	$\frac{\#}{\%}$	$\frac{\#}{\%}$	$\frac{\#}{\%}$	$\frac{\#}{\%}$
				0	0
				32	4.7
				2	0.2
				19	2.8
				37	5.5
				55	8.2
				61	9.1
				84	12.5
				45	6.7
				26	3.8
				18	2.6
				9	1.3
479	71.4	91	13.5	16	2.3
				6	0.8
				48	7.1
				466	69.5

D. Responses by Size of Firms Willing to Participate in a Wage Subsidy Program

More information is revealed when the responses of the 670 (46%) willing firms are tallied by size groups (number of employees). The 670 "yes" responses to Question 1 were distributed by size of firm as described below in TABLE 4.

TABLE 4

Distribution of Willing Firms by Size of Firm

<u>Size of Firm (strata)</u>	<u>No. of Firms Within Each Strata Responding "Yes" to Q1</u>	<u>% of All Willing Firms Responding "Yes" to Q1</u>
10-19 employees	300	44.8
20-49 employees	256	38.2
50-99 employees	60	9.0
100+ employees	54	8.0
TOTAL	670	100.0

As indicated by TABLE 4, the largest absolute response to all questions was received from firms with 10-19 or 20-49 employees. While it is clear that the small and medium-sized firms responded affirmatively to the questionnaire more often, the percentage of yes/no answers to each question within each strata category is the true indicator of the significance of the responses for that particular size group. The following paragraphs present an overall description of the data by strata breakdown determined by the size of the firms. The percentages of yes/no responses to Questions 2-16 from group to group, however, show general trends of agreement (See TABLE 5).

Some firms in each size group had participated in manpower programs previously (Q3), with the highest percentage of firms occurring in the 100+ category (48% or 26 firms) and the highest actual participation in the 20-49 category (112 firms or 44% of the firms in this category). Overall, 38% or 254 interested firms had previously participated in manpower programs.

From 87% (52 yeses from the 50-99 group) to 94% (282 yeses in the 10-19 group) of firms in each group replied that a 75% subsidy would be adequate (Q2), and 83% (212 firms in the 20-49 group) to 92% (50 firms in the 100+ group) felt that a one-year subsidy period would be appropriate (Q4). The total of all responses of interested firms to Q2 and Q4 was 92% (617) and 85% (572) respectively. A cross-analysis of Q2 and Q4 is presented later in this report. A majority of employers (56% or 373 firms) said they preferred having the subsidy paid to them rather than directly to the employee (Q10). The range of these was 52%

(156 firms in the 10-19 group) to 61% (33 firms in the 100+ group) among the four strata groups.

Expansion of the work force within two years (Q5) was expected by 53% (32 firms in the 50-99 group) to 66% (170 firms in the 20-49 group). Question 6 (Could new jobs be created if training were subsidized?) yielded relatively low percentages of affirmative response, from 30% (16 firms in the 100+ group) to 47% (120 firms in the 20-49 group). Related to this, from 46% (25 firms in the 100+ group) to 58% (148 firms in the 20-49 group) of the firms were willing to guarantee employment for a year following the subsidy (Q7). The relationship of yeses to Q5, 6 and 7 by strata are shown in TABLE 6.

TABLE 6
Percent of Affirmative Responses to Questions 5, 6 and 7,
by Size of Firm

<u>Strata</u>	<u>Q5: Foresee expansion</u>	<u>Q6: Create new jobs</u>	<u>Q7: Guarantee employment for a year</u>
	<u>% of Yes</u>	<u>% of Yes</u>	<u>% of Yes</u>
10-19	64.0	44.0	55.3
20-49	66.4	46.8	57.8
50-99	53.3	43.3	56.6
100+	62.9	29.6	46.2

Total yes responses by all interested firms were 64% (Q5), 44% (Q6) and 56% (Q7).

A cross-analysis of Questions 5 and 6 is also presented later in this report.

Responses to Question 8 indicated that most willing employers (538 or 80%) felt that a subsidized employee would not be a problem on the work force. Firms in the 20-49 group anticipated a problem least with 85% (218 firms) answering no. The largest percent of "yes" was in the 50-99 group (six firms or ten percent) as well as the largest number of "non-response" (23%).

A range of 67% (40 firms in the 50-99 group) to 73% (186 firms in the 20-49 group) of employers in the four groups felt the subsidy should be proportionate to skill and ability, with 70% of all answering "yes" (Q9). A slightly lower range 47% (28 firms in the 50-99 group) to 63% (162 firms in the 20-49 group) required 11 years or less education (Q11) for entry positions. Of all the willing employers, 57% or 385 firms, required 11 years or less education and 34% (230 firms) required 12 or more

years of education. To Question 12, regarding training of new employees, the four groups responded that from 68% (204 firms in the 10-19 group) to 76% (194 firms in the 20-49 group) did provide training to new employees, and the overall total was 71% (479 firms). Firms in the 20-49 and 50-99 groups provided the highest percentages of training, 76% (194 firms) and 73% (44 firms) respectively. The 10-19 and 20-49 groups had the highest number of firms providing training with 204 (68%) and 194 (76%) respectively.

Question 13, which relates to the length of time required for a new employee to learn his job, has four parts and the responses were somewhat varied. As to whether an employee could learn the job in less than six months, a total of 25% (165 firms) said yes, with the range of the strata groups being from 22% (56 firms in the 20-49 group) to 43% (26 firms in the 50-99 group). The training period of six to 12 months had an average of 39% (261 firms) response, ranging from 27% (16 firms in the 50-99 group) to 41% (122 firms in the 10-19 group). A total of 25% (169) employers had jobs requiring more than 12 months training, with a range from 17% (9 firms in the 100+ group) to 27% (80 firms in the 10-19 group) of the four groups having jobs in this category.

Question 14 relates to starting wages. A total of 70% (466 firms) of all the interested respondents indicated a starting wage of more than \$2.00 per hour. About 67% of employers in strata 10-19 and 50-99, a total of 242 employers, reported starting wages in excess of \$2.00 per hour. Strata 20-49 and 100+ had 72% (184 firms) and 74% (40 firms) respectively report starting wages in excess of \$2.00. The range of responses with less than \$2.00 starting salaries was 20% (11 firms in the 100+ group) to 27% (80 firms in the 10-19 group).

Overall, 88% of interested firms or 587 firms indicated willingness to supply data on the subsidy's effect on employees (Q15), with a range from 83% (50 firms in the 50-99 group) to 94% (51 firms in the 100+ group).

E. Responses by Standard Industrial Classification of Employers Willing to Participate in a Wage Subsidy Program

The further breakdown of willing firms by industry (SIC) code (See TABLE 7) reveals that the Retail & Wholesale Trade group provided the largest number of positive responses to Question 1, that is 260 or 39% of the 670 positive responses. Moreover, employers in this sector often provided relatively more favorable responses to the other questions than employers in the other sectors in terms of responses to Question 1. Finally, the responsiveness of employers in the various sectors to Question 1 generally typifies their relative responsiveness to the other questions.

In response to Question 3 (regarding previous participation in manpower programs), the range of yeses was from 12% (Financial, Insurance & Real Estate) to 48% (Retail & Wholesale Trade). Other industries' participation rates were: Manufacturing, 37%; Service, 31%; Transportation, 30%; and Construction, 26%.

Replies within industry to whether a 75% subsidy would be adequate (Q2) ranged from 82% (27 Transportation firms) to 95% (150 Manufacturing firms) with a total of 92% for all industries replying "yes." Question 4 (whether a one-year subsidy is appropriate) drew affirmative responses that ranged from 76% (55 Construction firms) to 93% (115 Service industries) with a total of 85% (572 firms).

Questions 5, 6 and 7 are also related to one another. Regarding expansion of the work force within two years (Q5), from 50% (12 Finance, Insurance & Real Estate) to 78% (123 Manufacturers) responded "yes," with a total of 64% (428 firms) for all industries. However, Question 6 (Could new jobs be created if training were subsidized?) drew a lower percentage of "yes" responses -- a range of 25% (six Financial, Insurance & Real Estate firms) to 50% (36 Construction firms), with the total being 44% (294 firms). To Question 7 (Would they be willing to guarantee employment for a year beyond the subsidy?), "yes" responses ranged from 40% (29 Construction firms) to 60% (155 Retail & Wholesale Trades firms), with the total being 56% (373 firms).

Whether a subsidy employee would be a problem to the work force (Q8) was answered "yes" only seven percent of the time (by 48 firms), and the range was four percent (five Service firms) to 17% (12 Construction firms).

Question 10 is another administrative type question (Should the subsidy be paid directly to the trainee or to the employer?). Most firms, that is 373 or 56% of firms that are willing to participate in a wage subsidy program, as was noted in an early section preferred the subsidy being paid to the employer. The range of preference for subsidy payment to the employer was 47% (34 firms in the Construction industry) to 75% (18 of the Financial, Insurance & Real Estate firms). The range of those that preferred to pay the employee directly was 17% (four Financial, Insurance & Real Estate firms) to 50% (36 Construction firms).

Asked whether they would provide data to study the effects of the subsidy on new employees (Q15) a total of 88% (587 firms) said they would. The range of yeses was from 83% (60 Construction firms) to 89% (140 Manufacturing firms).

Questions 9, 11 and 12 related to employee qualifications. The question of whether the subsidy should be proportionate to skill and ability (Q9) was answered "yes" by 70% of all firms that are willing to participate in a wage subsidy program. Individual industry replies ranged from 64% (80 Service firms) to 83%

(20 Financial, Insurance & Real Estate firms). Required entry education (Q11) was 11 years or less in 57% (385 firms) overall. Industry patterns include: Manufacturing (71% or 111 firms), Construction (68% or 49 firms), Retail & Wholesale (56% or 146 firms), with these three industries having a larger than 50% response of "11 years or less." The only industry which had a proportion of "12 or more" responses in excess of 50% was the Financial, Insurance & Real Estate group with 67% (16 firms). Those industries having both types of entry requirements were only five percent (37 firms) of the willing firms. Asked whether they train new employees (Q12), 71% (479 firms) indicated they did, 13% (91 firms) required job-related experience, and 13% (91 firms) had both types of jobs within the firms.

Training periods (Q13) required were fairly evenly divided: 25% (165) said an employee could learn the job in less than six months; 39% (261) said six to 12 months; 25% (169) said more than 12 months; and 9% (59) had jobs in all three training categories. In the six to 12 month group, the within-industry responses ranged from 26% (32 Service firms) to 67% (16 Financial, Insurance & Real Estate firms).

Question 14 deals with starting wages. Sixty-nine percent (466) of all firms responded that their starting wage is more than \$2.00 per hour, and 25% (165) have starting wages of less than \$2.00. The range of those with more than \$2.00 starting salaries is 47% (58 Service firms) to 97% (70 Construction firms). Those with starting wages of less than \$2.00 ranged from zero (Transportation firms) to 43% (54 Service industry firms).

* MORE THAN/BOTH/ALL

TABLE 7
Responses to Questions 1-16 When Question 1 is Answered "Yes," by SIC Code

	15-17			20-39			40-49			50-59			60-67		
	CONSTRUCTION			MANUFACTURING			TRANSPORTATION			RET. & WHLSL. TRADE			FINAN., INS. & R. ESTATE		
	YES	NO	N.R.	YES	NO	N.R.	YES	NO	N.R.	YES	NO	N.R.	YES	NO	N.R.
1. Are you interested in participating in a wage subsidy program?	72	0	0	157	0	0	33	0	0	260	0	0	24	0	0
2. Is a 75% wage subsidy adequate?	62	6	0	100.0	0.0	0.0	100.0	0.0	0.0	100.0	0.0	0.0	100.0	0.0	0.0
3. Have you previously participated in manpower programs?	86.1	8.3	4	130	2	5	27	4	2	241	4	12	21	0	3
4. Is a 1 yr term appropriate for subsidy?	19	53	0	58	99	0	10	23	0	126	134	0	87.5	0.0	12.5
5. Do you foresee expansion of your work force in next 2 yrs?	26.3	73.6	0	36.9	63.0	0	30.3	69.6	0	48.4	51.5	0	12.5	21	0
6. Could new jobs be created if training were subsidized?	55	15	2	130	25	2	29	4	0	222	30	8	21	2	1
7. Would you guarantee employment 1 year beyond subsidy?	76.3	20.8	2.7	82.8	15.9	1.2	87.8	12.1	0.0	85.3	11.5	3.0	87.5	8.3	4.1
8. Would a subsidy employee be a problem in your work force?	43	27	2	123	30	4	17	16	0	168	68	24	12	11	1
9. Should subsidy be proportionate to skill/ability?	59.7	37.5	2.7	78.3	19.1	2.5	51.5	48.4	0.0	64.6	26.1	9.2	50.0	45.8	4.1
10. Pay subsidy to trainee? (YES)	36	34	2	68	76	13	11	20	2	122	115	23	6	15	3
Pay subsidy to trainee? (NO)	50.0	47.2	2.7	43.3	48.4	8.2	33.3	60.6	6.0	48.9	44.2	8.8	25.0	62.5	12.5
11. Is your required entry education: 11 or less (YES)	29	39	4	89	57	11	18	10	5	155	87	18	12	9	3
12. Do you train new employees: (YES)	40.2	54.1	5.5	56.6	36.3	7.0	54.5	30.3	15.1	59.6	33.4	6.9	50.0	37.5	12.5
13. Can employee learn job in less than 6mo? (YES)	12	56	4	13	117	27	4	22	7	12	223	25	2	19	3
14. Is your starting wage: less than \$2 (YES)	55	6	11	118	33	6	23	6	4	177	73	10	20	2	2
15. Would you provide data to study effect of subsidy on new employees?	76.3	8.3	15.2	75.1	21.0	3.8	69.6	18.1	12.1	68.0	28.0	3.8	83.3	8.3	8.3
16. Comments Attached?	36	2	2	44	6	6	15	2	2	118	6	6	4	4	2
	50.0	34	2.7	28.0	107	3.8	45.4	16	6.0	45.3	136	2.3	16.6	18	8.3
	47.2			68.1			48.4			52.3			75.0		
17. Do you train new employees: (YES)	49	2	2	111	2	1.2	14	42.4	0	146	6	6	6	1	1
18. Do you train new employees: (NO)	68.0	18	2.7	70.7	31	19.7	42.4	17	0.0	58.1	2.3	2.3	25.0	16	4.1
19. Both:	25.0	3	4.1	19.7	13	8.2	51.5	30.3	2	36.9	12	4.6	66.6	1	4.1
20. Can employee learn job in less than 6mo? (YES)	37	17	0	119	12	7.6	18	54.5	0	198	2	2	19	2	0
21. Can employee learn job in less than 6mo? (NO)	51.3	23.6	0.0	72.7	7.6	15.9	42.4	10	0.0	76.1	34	0.7	79.1	8.3	0.0
22. Both:	25.0	18	25.0	15.9	25	15.9	51.5	30.3	5	13.0	26	12	2	8.3	0.0
23. Have jobs w/trng. per. in all categories?	9	12.5	0	34	21.6	62	12.1	19	0	48	10.0	6	3	12.5	1
24. Is your starting wage: less than \$2 (YES)	21	29.1	0	62	39.4	44	19	57.5	0	18.4	42.6	2.3	12.5	16	4.1
25. (Rather, 6-12 Mos.) Takes more than 12	42	58.3	0	28.0	16	10.1	57.5	10	0	111	57	57	15	66.6	4
26. Have jobs w/trng. per. in all categories?	0	0	0	10.1	10.1	10.1	0	0	0	14.6	14.6	0	0	0	0
27. Is your starting wage: less than \$2 (YES)	2	2.7	0	27	17.1	121	0	31	6.0	76	29.2	0	6	16.6	4
28. (Rather, more than)	97.2	0	0	77.0	77.0	9	93.9	0	2	170	65.3	0	25.0	16	0.0
29. Are your starting wages both \$2 & \$2?	0	0	0	5.7	5.7	5.7	0	0	0	14	5.3	14	66.6	2	8.3
30. Would you provide data to study effect of subsidy on new employees?	60	8	4	140	9	8	29	0	4	229	16	15	21	0	3
31. Comments Attached?	83.3	11.1	5.5	89.1	5.7	5.0	87.8	0.0	12.1	88.0	6.1	3.7	87.5	0.0	12.5
	21	0	51	51	0	106	8	0	25	74	0	186	8	0	16
	29.1	0.0	70.8	32.5	0.0	67.5	24.2	0.0	75.7	28.4	0.0	71.5	33.3	0.0	66.6

TABLE 7 (Cont'd)

70-89 SERVICE INDUSTRIES				SIC YESES TO Q AS A % OF TOTAL YESES TO Q						TOTAL YESES
YES	NO	MTBA*	N.R.	15-17	20-39	40-49	50-59	69-67	70-89	
1. 124	0		0							670
100.0	0.0		0.0	10.7	23.4	4.9	38.8	3.6	18.5	
2. 113	5		6							617
91.1	4.0		4.8	10.0	24.3	4.4	39.5	3.4	18.3	
3. 38	84		2							254
30.6	67.7		1.6	7.5	22.8	3.9	49.6	1.2	15.0	
4. 115	3		6							572
92.7	2.4		4.8	9.6	22.7	5.1	38.8	3.7	20.1	
5. 65	53		6							428
52.4	42.7		4.8	10.0	28.7	4.0	39.2	2.8	15.2	
6. 51	61		12							294
41.1	49.1		9.6	12.2	23.1	3.7	41.6	2.0	17.3	
7. 70	34		20							373
56.4	27.4		16.1	7.8	23.9	4.8	41.5	3.2	18.8	
8. 5	101		18							48
4.0	81.4		14.5	25.0	27.1	8.3	25.0	4.2	10.4	
9. 80	32		12							473
64.5	25.8		9.6	11.6	24.9	4.9	37.4	4.2	16.9	
10. 54			8							271
43.5	62		6.4	13.3	16.2	5.5	43.5	1.5	19.9	
	50.0									
11. 59			7							385
47.5	52		5.6	12.7	28.8	3.6	37.9	1.6	15.3	
	41.9									
	6									
	4.8									
12. 88			6							479
70.9	16		4.8	7.7	24.8	3.8	41.3	4.0	18.4	
	12.9									
	14									
	11.2									
13. 67			8							165
54.0	32		6.4	5.4	20.6	2.4	29.1	1.8	40.6	
	25.8									
	12									
	9.6									
	5									
	4.0									
14. 54			4							165
43.5	58		3.2	1.2	16.4	-	46.1	3.6	32.7	
	46.7									
	8									
	6.4									
15. 108	2		14							587
87.0	1.6		11.2	10.2	23.8	4.9	39.0	3.6	18.4	
16. 42	0		82							204
33.8	0.0		66.1	10.3	25.0	3.9	36.3	3.9	20.6	

F. Summaries of Specific Responses to Mail Survey

Summary of responses to Question 1, "Would your firm be interested in taking part in an E.S. sponsored wage subsidy program for low-income persons?" and Question 3, "Have you participated in other manpower programs that included the partial reimbursement of wages?" (TABLE 8)

A total of 254 firms or 18% of all firms in Vermont with ten or more employees, replied "yes" to both Q1 (showing interest in participating in a wage subsidy program) and Q3 (indicating that they had previously participated in manpower programs). In addition, 414 employers (29%) of all employers in firms with ten or more employees are interested in participating in a wage subsidy program (Q1), but had not previously participated in a manpower program (Q3).

Non-interested firms that had previously participated in manpower programs totaled 90 (six percent), while 495 firms (34%) indicated that they were not interested now and had never participated in manpower programs. The total number of firms which had previously participated in manpower programs was 344 (23%) and the number of non-participants was 911 (63%).

Summary of responses to Question 3, "Have you participated in other manpower programs that included the partial reimbursement of wages?" and Question 4, "Would you consider a one year duration an appropriate length of time for a wage subsidy?" (TABLE 9)

Employers who were previous participants in manpower programs (Q3) responded that one year was an appropriate term for the subsidy (Q4) in 213 instances (32%). Firms which had no previous experience responded that one year was appropriate in 359 instances (54%).

Previous participants (Q3) responded that one year was not an appropriate term for the subsidy (Q4) in 34 instances (five percent). A similar number of employers who had not previously participated agreed that one year was not appropriate. (45 firms or seven percent).

A one-year subsidy was felt to be appropriate by 572 firms (85%).

Summary of responses from employers who are willing to participate in a wage subsidy program to Question 5, "Do you see an expansion of your work force within the next two years?" and Question 6, "Could new jobs be created in your firm if a wage subsidy was available during an initial training period?" (TABLE 10)

A total of 240 firms (36%) indicated that they both expected expansion of the work force within two years (Q5) and felt new

jobs could be created if training were subsidized (Q6). Forty-two (six percent) firms did not foresee expansion but felt that new jobs could be created in their firms through a subsidy program. Twenty-three percent of employers (155 firms) said they foresee expansion but did not think new jobs could be created if training were subsidized. A total of 151 firms (22%) neither expected expansion nor could create new jobs under the subsidy.

TABLE 8

Summary of Responses to
Questions 1 and 3

Question 1: Would Your Firm be Interested in Taking Part in an E.S. Sponsored Wage Subsidy Program for Low-Income Persons?	Question 3: Have You Participated in Other Manpower Programs That Included the Partial Reimbursement of Wages?			
	Yes	No	No Response	Total
Yes	254 17.6	414 28.6	2 0.1	670 46.3
No	90 6.2	495 34.2	181 12.5	766 53.0
No Response	0 0.0	2 0.1	8 0.6	10 0.7
TOTAL	344 23.8	911 63.0	191 13.2	1446 100.0

TABLE 9
Summary of Willing Employers' Responses to
Questions 3 and 4

Question 3: Have You Participated in Other Manpower Programs That Included the Partial Reimbursement of Wages?	Question 4: Is a One-Year Term Appropriate for Subsidy?			
	<u>Yes</u>	<u>No</u>	<u>No Response</u>	<u>Total</u>
Yes	213 31.8	34 5.1	7 1.0	254 37.9
No	359 53.6	45 6.7	10 1.5	414 61.8
No Response	0 0.0	0 0.0	2 0.3	2 0.3
TOTAL	572 85.4	79 11.8	19 2.8	670 100.0

TABLE 10
Summary of Willing Employers' Responses to
Questions 5 and 6

Question 5: Do You Foresee Ex- pansion of Your Work Force in Next Two Years?	Question 6: Could New Jobs Be Created in Your Firm If a Wage Subsidy Was Available During an Initial Training Period?		
	<u>Yes</u>	<u>No</u>	<u>Total</u>
Yes	240 35.8	155 23.1	33 4.9
No	42 6.3	151 22.5	12 1.8
No Response	12 1.8	15 2.2	10 1.5
TOTAL	294 43.9	321 47.9	55 8.2
			670 100.0

Summary of Responses to Questions 2 Through 4 and 7 Through 16
When Questions 1, 5 and 6 are Answered "Yes" (TABLE 11)

"Yes responses to Questions 1, 5 and 6 were received from 240 firms (36% of all interested firms). The replies of these 240 firms to the other items in the questionnaire were segregated for further analysis. These replies are tallied in TABLE 11.

Question 2 (Is a 75% wage subsidy adequate?) was answered "yes" by 223 of the 240 firms (93%).

Forty percent (97 firms) had previously participated in manpower programs (Q3).

Eighty-three percent (199 firms) felt a one-year term for the subsidy is appropriate (Q4).

Question 7 (regarding guaranteeing employment for a year after the subsidy) was answered "yes" by 174 of these firms or 72%.

Only 14 firms (six percent) felt subsidy employees would be a problem on the work force (Q8).

Whether the subsidy should be proportionate to skill and ability was answered "yes" by 182 firms or 76% (Q9).

Thirty-seven percent (88 firms) preferred paying the subsidy directly to the trainee (Q10) as opposed to 60% (143 firms) who indicated they would rather have the employer receive the subsidy.

Question 11 deals with entry education requirements. Eleven years or less was required by 128 firms (53%). Thirty-seven percent (89 firms) of the 240 firms that responded positively to Questions 1, 5 and 6 required 12 years or more, while only eight percent (19 firms) stated requirements for both.

Question 12 relates to training of new employees as opposed to requiring job-related experience. Sixty-eight percent (164 firms) stated they provided training. Thirty-seven firms (15%) require job-related experience instead of training, and 38 firms (16%) do both.

The length of time required for an employee to thoroughly learn his job is dealt with in Question 13. Only 22% (52 firms) answered that the learning phase was less than six months. Forty-six percent of the firms (110 firms) said six to 12 months was the usual learning period. Sixty firms (25%) said their employees needed more than 12 months to fully learn the job. Sixteen firms (seven percent) had jobs with training periods in all the above categories.

Question 14 asks whether a firm's starting wage is above or below \$2.00 per hour. Fifty firms (21%) replied that it was

below \$2.00. Starting wages above \$2.00 were indicated by 173 firms or 72% of the group. Fifteen firms (six percent) had both.

Asked whether they would provide data to study the effect of the subsidy on new employees (Q15), 96% (230) firms replied "yes."

Twenty-eight percent (68 firms) attached additional comments to the questionnaire.

Summary of Responses to Questions 2-4 and 7-16 When Questions 1, 5 & 6 are Answered "Yes"

1. Are you interested in participating in a wage subsidy program?
2. Is a 75% wage subsidy adequate?
3. Have you previously participated in a manpower program?
4. Is a one-year term appropriate for subsidy?
5. Do you foresee expansion of your work force in the next two years?
6. Could new jobs be created if training subsidized?
7. Would you guarantee employment one year beyond subsidy?
8. Would a subsidy employee be a problem to work force?
9. Should subsidy be proportionate to skill/ability?
10. Pay subsidy to trainee (yes)

11. Is your required
entry education: 11 or less? (yes)

entry education: 11 or less? (no) (Require 12 or more)

entry education: Both

12. Do you train new employees?(yes)

Do you train & require job-related experience? (both)

Can employee learn job in less than 6 mos? (yes)

Can employee learn job in less than 6 mos? (no)
(rather, takes 6-12 mos.)

Can employee learn job in more than 12 mos?

Do you have jobs with training periods in all categories?

Is your starting wage less than \$2.00? (yes)

Is your starting wage less than \$2.00? (no)
(rather, more than \$2.00)

Is your starting wage Both Less than \$2.00 and more than \$2.00?

5. Would you provide data to study effect of subsidy on new employees?

6. Comments Attached?

Yes	No	More than/ Both/All	No Response	Total
240	0		0	240
100.0	0.0		0.0	
223	9		8	240
92.9	3.7		3.3	
97	143		0	240
40.4	59.6		0.0	
199	31		10	240
82.9	12.9		4.2	
240	0		0	240
100.0	0.0		0.0	
240	0		0	240
100.0	0.0		0.0	
174	48		18	240
72.5	20.0		7.5	
14	205		21	240
5.8	85.4		8.7	
182	43		15	240
75.8	17.9		6.2	
88			9	240
36.7	143		3.7	
	59.6			
128			4	240
53.3	89		1.7	
	37.0			
		19		
164		7.9		240
68.3			1	
			0.4	
	37			
	15.4			
		38		
52		15.8	2	240
21.7			0.8	
	110			
	45.8			
		60		
		25.0		
		16		
		6.7		
50			2	240
20.8			0.8	
	173			
	72.1			
		15		
		6.2		
230	6		4	240
95.8	2.5		1.7	
68			172	240
28.3			71.7	

SECTION IV

ANALYSIS OF FACE-TO-FACE SURVEY RESPONSES

A. Scope of Survey

Approximately 66% of the 249 employers utilized for data processing in the face-to-face survey expressed a willingness to participate in a wage subsidy program. These sample results combined with statistical tests suggest that the probability is 95% that between 59% and 71% of all employers in Vermont are willing to participate in a wage subsidy program. That is, between 980 and 1179 of the 1677 Vermont employers are willing to participate in a wage subsidy program. The sample blowups identify 1100 as the estimate of the number of employers in Vermont who are willing to participate in the program. TABLE 12 provides an indication of scope, response, and blowup for the Vermont face-to-face survey.

B. Willingness and Unwillingness to Participate Relative to Previous Participation in Manpower Programs and Use of WIN Tax

TABLE 13 analyzes employer willingness to participate in a wage subsidy program in relation to previous participation in manpower programs. For convenience, this table and those that follow (except TABLE 20) provide estimates of attitudes and characteristics of all employers in Vermont as derived from the sample rather than the sample estimates themselves.

Reference to TABLE 13 indicates that 434 or 26% of Vermont employers have previously participated in manpower programs and about 30% of employers who are willing to participate in the wage subsidy program have participated in other manpower programs. By contrast, about 20% of employers who are not willing to participate in the wage subsidy program have participated in other manpower programs.

Employers were asked to state their major reasons for not having previously participated in manpower programs. TABLE 14 contrasts the responses provided by employers willing to participate in a wage subsidy program with the responses provided by employers who were unwilling to participate. It is interesting to note that 37% of employers who are willing to participate in a wage subsidy program have not previously participated in manpower programs merely because of lack of knowledge of such programs or lack of an invitation to participate, rather than because of objective reasons for hesitancy to deal with government programs.

TABLE 12

Scope, Response and Blowup for the Vermont Face-to-Face Survey

No. of Employees (1)	Firms in Vermont (2)*	Firms Included in Survey (3)	Response to Survey Absolute-Percent (4)	Response as Percent of Firms in Vermont (5)	Utilized for Data Processing (6)	Percent Utilized for Data Processing**
10-19	949	146	131	89.7	119	12.5
20-49	551	93	81	87.1	75	13.6
50-99	118	24	24	100.0	24	20.3
100+	59	37	33	89.2	31	52.5
TOTAL	1677	300	269		249	

*The number of firms in Vermont excludes firms with out-of-state addresses or statewide locations since it would be difficult to arrange personal interviews with a person from these firms.

**Column 6 divided by Column 2.

TABLE 13

Previous Participation in Manpower Programs by Willing and Unwilling Employers, by Size of Firm

	Size of Firm	Previous Participation		
		Yes	No	Total
Employers Unwilling to Participate	10-19 employees	64 15.7	343 84.3	406 100%
	20-49 employees	37 31.3	81 68.7	118 100%
	50-99 employees	0 0.0	20 100.0	20 100%
	100 employees	8 47.1	9 52.9	17 100%
		109 19.3	453 80.7	561 100%
Employers Willing to Participate	10-19 employees	151 28.8	375 71.2	526 100%
	20-49 employees	125 28.8	309 71.2	434 100%
	50-99 employees	34 34.7	64 65.3	98 100%
	100 employees	15 35.7	27 64.3	42 100%
		325 29.6	775 70.4	1100 100%
	TOTAL	434 26.1	1228 73.9	1661 100%

TABLE 14

Distinctions between Reasons for Not Having Participated in
Manpower Programs Given by Willing and Unwilling Employers

	Reasons for Not Having Participated*									
	0	1	2	3	4	5	6	7	8	9
Employers Unwilling to Participate	49 8.8	55 9.8	83 14.9	29 5.1	15 2.7	23 4.1	8 1.4	8 1.4	126 22.4	165 29.4
Employers Willing to Participate	160 14.4	256 23.1	169 15.3	15 1.4	15 1.3	43 3.9	7 0.7	7 0.7	131 11.8	304 27.4
TOTAL	209 12.5	311 18.6	253 15.1	44 2.6	30 1.8	66 3.9	15 0.9	15 0.9	257 15.4	469 28.1
										561 100.0
										1108 100.0
										1669 100.0

*0 - Did not know about such programs

1 - Never asked to participate

2 - No reason to participate

3 - Not interested

4 - Does not believe in the system

5 - Too much red tape

6 - Union shop

7 - Previous bad experience

8 - Miscellaneous

9 - No answer

TABLE 15 relates employer willingness to participate in a wage subsidy program with employer use of the WIN Tax Credit. Reference to this table indicates that less than one percent of employers in Vermont use the WIN Tax Credit and that all five employers who are estimated to use the WIN Tax Credit are willing to participate in a wage subsidy program.

TABLE 15

Willingness and Unwillingness to Participate in a Wage Subsidy Program Related to Use of WIN Tax Credit

<u>Employer Willingness to Participate in a Wage Subsidy Program</u>	<u>Use of the WIN Tax Credit</u>		
	<u>Yes</u>	<u>No</u>	<u>Total</u>
Unwilling to Participate	0 0.0%	497 100.0%	497 100.0%
Willing to Participate	5 0.5%	992 99.5%	997 100.0%
Total	5 0.3%	1490 99.7%	1494 100.0%

TABLE 16 depicts reasons given by employers for non-use of the WIN Tax Credit. By far the most common reason for lack of utilization is simple lack of knowledge as differentiated from any aversion to use of the WIN Tax Credit. Approximately 72% of Vermont employers do not know about the WIN Tax Credit while four percent of employers stated that administration problems associated with the tax credit discourage them from using it. About nine percent of the remaining 24% of employers provided a variety of responses to this question and the others did not respond.

TABLE 16

Reasons Given for Non-Use of WIN Tax Credit

	<u>Number of Employers</u>	
	<u>Absolute</u>	<u>Percent</u>
A. Don't Know About It	1199	71.6
B. Too Many Administrative Problems	76	4.5
C. Other (Specify)	158	9.4
D. No Response	244	14.5
	1677	100.0

C. Some Reasons for Unwillingness to Participate in a Wage Subsidy Program

Two questions on the survey instrument were used to differentiate those employers willing to participate in a wage subsidy program from those employers unwilling to participate in a wage subsidy program:

Question 1: "Would your firm be willing to hire disadvantaged workers through a wage subsidy program?"

Question 2: "Would your firm be willing to hire a welfare recipient through a wage subsidy program?"

If the response to either Question 1 or Question 2 was "yes," the employer was designated as "willing to participate in a wage subsidy program." On the other hand, if an employer responded "no" to both Question 1 and Question 2, he was designated as "unwilling to participate in a wage subsidy program." The terms "disadvantaged worker" and "welfare recipient" were clearly defined for employers to avoid misconceptions. In other words, any employer described by this study as "willing to participate in a wage subsidy program" has expressed a willingness to hire either disadvantaged workers, welfare recipients, or both.

As previously stated, blowup figures adapted from the sample responses suggest that of the 1677 firms in Vermont with 10 or more employees, approximately 1113, or 66%, would be willing to participate in a wage subsidy program requiring employment by the firm of either disadvantaged workers or welfare recipients. Conversely, approximately 564 such firms, or 34%, would be unwilling to do so.

TABLE 17 that follows depicts the reasons for hesitancy expressed by unwilling employers.

TABLE 17

Employer Reasons for Unwillingness to Hire
Disadvantaged Workers and/or Welfare Recipients

Reasons for Unwillingness to Hire	Employers Unwilling to Hire Disadvantaged Workers		Employers Unwilling to Hire Welfare Recipients	
	Number	Percent of all Firms with 10 or More Employees	Number	Percent of all Firms with 10 or More Employees
1. "Bad past experience with these types of individuals."	39	2.3	53	3.1
2. "These types of in- dividuals don't want to work. They cause problems."	46	2.7	103	6.2
3. "These types of in- dividuals won't fit employer job needs."	150	8.9	145	8.6
4. "Don't want to get in- volved with government red tape."	45	2.7	37	2.2
5. "Don't believe in sub- sidies."	89	5.3	112	6.7
6. "Business outlook doesn't warrant need."	82	4.9	80	4.8
7. Miscellaneous	56	3.3	46	2.7
8. No Response	57	3.4	61	3.7

D. Differentiating the Willing from the Unwilling

Do firms willing to participate in a wage subsidy program requiring the hiring of disadvantaged workers or welfare recipients evidence different or similar characteristics when compared with firms unwilling to participate?

1. Number of New Workers in 1972 and 1973

TABLE 18 compares employer willingness to participate in a wage subsidy program with the number of new workers hired in 1973. Reference to TABLE 18 indicates that employers who are willing to participate in the wage subsidy program more frequently hired large numbers of workers than employers who are unwilling to participate in the wage subsidy program. For example, 42% of employers who are willing to participate in a wage subsidy program hired more than ten workers in 1973 while about 35% of employers who are unwilling to participate in the wage subsidy program hired more than ten workers in 1973. Similarly, approximately nine percent of employers who are willing to participate in the wage subsidy program hired seven to nine workers during 1973 while slightly less than three percent of employers who are unwilling to participate in the wage subsidy program hired seven to nine workers during 1973. However, unwilling firms tended to be more likely to hire from one to six new employees.

TABLE 19, which describes the number of new workers hired in 1972 by employers who are willing and unwilling to participate in a wage subsidy program, contains a pattern similar to TABLE 18. That is, higher percentages of employers who are willing to participate in a wage subsidy program than employers who are unwilling to participate in such a program hired seven to nine and ten or more workers during 1972. As was the situation in 1973, unwilling firms tended to be more likely to hire from one to six new employees.

TABLE 18

Number of New Workers Hired During 1973 by Employers Who
Are Willing and Unwilling to Participate

		Number of New Workers Hired					
		0	1 to 3	4 to 6	7 to 9	> 9	
Firms Unwilling to Participate	#	44	182	124	16	194	561
	%	7.9	32.5	22.2	2.8	34.6	100%
Firms Willing to Participate	#	56	303	180	101	468	1108
	%	5.0	27.4	16.2	9.1	42.2	100%
TOTAL		100	485	304	117	662	1669
		6.0	29.1	18.2	7.0	39.7	100.0

TABLE 19

Number of New Workers Hired During 1972 by Employers Who
Are Willing and Unwilling to Participate

		Number of Workers Hired					
		0	1 to 3	4 to 6	7 to 9	> 9	
Firms Unwilling to Participate	#	117	190	95	15	145	561
	%	20.8	33.9	16.9	2.6	25.8	100%
Firms Willing to Participate	#	294	292	127	64	331	1108
	%	26.5	26.3	11.5	5.8	29.9	100%
TOTAL		411	482	222	79	475	1669
		24.6	28.9	13.3	4.7	28.5	100.0

2. Growth of Employment in 1973

TABLE 20 deals with growth of employment in 1973 by size of firm. Raw sample data was used in deriving this table rather than blown-up data as was used in deriving all other tables contained in this section. All data items required to construct this particular table were retabulated by hand after being tabulated by computer. The reason for this double checking was initial skepticism with the unexpectedly high figures for "New Workers Hired as a Percentage of Firm Average Employment for 1973" (See column 2 in TABLE 20). These percentages were obtained by dividing "New Workers Hired During 1973" by "Average Total Work Force of Firm for 1973" (obtained by summing work force for each firm for each quarter of 1973 and dividing by four) for each strata for willing and for unwilling employers.

TABLE 20 indicates that willing employers across all strata experienced a greater average growth rate (column 4) during 1973 than did unwilling firms. The average growth rate for 1973 of willing employers in both the 50-99 employee strata and the 100 or more employee strata is substantially greater than that for unwilling firms in the same strata.

Willing firms with 50-99 employees had the highest average growth rate for 1973, 56%. Sample firms with 50-99 employees who are willing to participate in a wage subsidy program hired 1210 new workers in 1973. On average, the number of workers hired within each firm with 50-99 employees in this group of firms represented 73% of the total average employment in these firms in 1973. However, 23% of new hires in these firms during 1973 were accounted for by normal turnover. Consequently, the actual growth in new workers hired as a percent of firm average employment in 1973 is 56%.

Clearly, firms with a relatively high rate of recent past expansion tend to be more willing to participate in a wage subsidy program than are firms with a relatively low rate of recent past expansion.

TABLE 20

Growth of Employment in 1973, by Size of Firm*

Employers Unwilling to Participate in a Wage Subsidy Program						
Size of Firm	Observations	New Workers Hired During 1973 as a Percent of Total		New Workers Hired as a Percent of Firm Average Employment for 1973**		Growth in New Workers as a Percent of Firm Employment in 1973
		(col. 1)	(col. 2)	(col. 3)	(col. 4)	
10-19	55	435	36%	59%	54%	27%
20-49	16	237	20%	46%	50%	23%
50-99	4	80	7%	28%	88%	3%
100+	8	442	37%	32%	75%	8%
		1194	100%			
Employers Willing to Participate in a Wage Subsidy Program						
10-19	69	527	13%	59%	52%	28%
20-49	61	891	22%	48%	46%	26%
50-99	23	1210	31%	73%	23%	56%
100+	18	1328	34%	53%	47%	28%
		3956	100%			

*Raw sample data - not blown-up data.

**Each firm's "average" employment was derived by summing firm employment in each of four quarters in 1973 and dividing by four.

3. Quarterly Variations in Employment

TABLE 21 describes the average size of the work force per quarter by size of firm for employers who are willing or unwilling to participate in a wage subsidy program. Reference to this exhibit indicates that the range of variation in quarterly employment is greater in firms that are willing to participate in a wage subsidy program than in firms that are not willing to participate in a wage subsidy program for firms with 10-19, 20-49, and 100 or more employees. Only in the size group 50-99 do firms that are willing to participate in a wage subsidy program have a lower range of variation in quarterly employment than employers who are unwilling to participate in a wage subsidy program.

The range of quarterly variation in employment is very similar for employers who are willing and unwilling to participate in a wage subsidy program for all size groups except for firms with 100 or more employees. Here, employers who are willing to participate in a wage subsidy program have a range in quarterly employment of 53.7 employees, from a low average of approximately 97 employees in the first quarter of the year to a high average of about 151 employees in the third quarter of the year. By contrast, employers with 100 or more employees who are unwilling to participate in a wage subsidy program have a range of variation in employment during the year of 5.5 employees. Employment levels for these firms range from a low of 144.5 employees per firm in the first quarter of the year to a high of 150 employees per firm in the third quarter of the year.

TABLE 21

Average Size of Work Force per Quarter for Employers Who
Are Willing and Unwilling to Participate, by Size of Firm

Range of Quarterly Variation		1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	
Employers Unwilling to Participate	10-19	1.8	15.2	15.9	17.0	15.2
	20-49	2.6	28.4	26.4	29.0	28.8
	50-99	7.4	59.8	59.8	59.8	67.2
	100+	5.5	144.5	149.6	150.0	146.2
Employers Willing to Participate	10-19	2.9	13.0	13.5	15.9	14.9
	20-49	4.6	35.6	38.0	40.2	38.4
	50-99	6.7	74.6	71.0	74.7	77.7
	100+	53.7	96.9	120.4	150.6	100.0

Because of the unusually large quarterly variation for willing firms in the 100 or more employee strata, the raw sample data for this category was rechecked. Of 21 firms in the raw sample for the category of willing firms with 100 or more employees, eight firms or 38% of the firms in the raw sample were found to have extreme quarterly variations in employment, while the remaining 13 firms in the raw sample for this category had nearly constant quarterly average employment. The high level of variation among these eight firms marks them as unusual and obviously affects the average quarterly variation for all sample firms in the category of "willing firms with 100 or more employees." The quarterly variation for these eight firms is detailed below.

TABLE 22

Quarterly Work Force Variation for Eight Willing Firms
with 100+ Employees

	<u>1st Quarter</u>	<u>2nd Quarter</u>	<u>3rd Quarter</u>	<u>4th Quarter</u>
Firm 1	400	300	300	40
Firm 2	50	50	150	50
Firm 3	250	60	70	200
Firm 4	80	140	140	140
Firm 5	55	140	213	90
Firm 6	50	150	250	150
Firm 7	120	200	200	120
Firm 8	145	145	180	180

4. Entry Level Wages

TABLE 23 contains information on the range of entry level wage rates in the occupations for which employers would be likely to hire subsidized workers. Employers tend to pay different entry level wage rates for different positions within a single firm. That is, hypothetical "Firm XYZ" may pay \$2.10 per hour for entry level workers in Clerical & Sales positions, yet the same firm may well pay \$3.25 per hour to entry level workers engaging in Bench Work. All employers, both those unwilling and willing to engage in a wage subsidy program, were asked: "What is the range (state your low entry level wage rate and your high entry level wage rate) of entry level wage rates in the occupations for which you would hire subsidized workers?" Responding employers cited both their lowest entry level wage rate and their highest entry level

wage rate. The "low" rates for each strata of unwilling firms were added together and divided by the number of responses for that strata to obtain the "average low entry level wage rate" for all unwilling employees by strata. The same was done for willing employers by strata. In like manner, the "average high entry level wage rate" was obtained by strata for all employers, both willing and unwilling. As an example, the average low entry level wage rate across occupational groups for the 263 employers among unwilling employers with from 10-19 employees who provided information for this particular item was \$2.36 per hour. The average high entry level wage rate across occupational groups for the 183 employers among unwilling employers with from 10-19 employees who provided information for this particular item was \$3.84 per hour.

Reference to TABLE 23 indicates that employers who are willing to participate in a wage subsidy program and who have from 10-19 employees tend to pay lower wages in occupations that subsidized workers are likely to enter in their firms than do employers with 10-19 employees who are unwilling to participate in a wage subsidy program. That is, employers with 10-19 employees who are willing to participate in a wage subsidy program pay an average low of \$2.16 an hour to an average high of \$3.10 an hour in occupations that subsidized workers are likely to enter in contrast to a low of \$2.36 an hour and a high of \$3.84 an hour for employers who are unwilling to participate in a wage subsidy program. Hence, employers in the 10-19 employee strata who are unwilling to pay from \$.20 to \$.74 an hour more on average to workers in occupations that subsidized workers are likely to enter than do willing firms in the 10-19 employee strata.

Conversely, willing employers in the 20-49 employee strata pay from \$.14 more an hour (\$2.17 per hour) to \$.34 an hour more per hour (\$3.41 per hour) than employers within this strata who are unwilling.

TABLE 23

Average Entry Wage Rates in Occupations for Employers Willing and Unwilling to Participate, by Size of Firm

<u>Group</u>	<u>Size of Firm</u>	<u>Low</u>	<u>High</u>	<u>Total Employers</u>
Employers Unwilling to Participate	10-19	*2.36 <u>/263/</u> **	3.84 <u>/183/</u>	<u>/406/</u>
	20-49	2.03 <u>/88/</u>	3.07 <u>/59/</u>	<u>/118/</u>
	50-99	1.93 <u>/15/</u>	4.00 <u>/5/</u>	<u>/20/</u>
	100+	2.50 <u>/15/</u>	? <u>/2/</u>	<u>/17/</u>
Employers Willing to Participate	10-19	2.16 <u>/446/</u>	3.10 <u>/343/</u>	<u>/534/</u>
	20-49	2.17 <u>/353/</u>	3.41 <u>/191/</u>	<u>/434/</u>
	50-99	2.06 <u>/89/</u>	3.10 <u>/74/</u>	<u>/98/</u>
	100+	2.32 <u>/32/</u>	3.62 <u>/25/</u>	<u>/42/</u>

*Average of the wages entered in this column by the respondents; it is the average only for those who made an entry in this column.

**Number of employers making entries in this column.

5. Recruitment Methods

TABLE 24 contrasts utilization of alternative recruitment methods by size of firm for employers who are willing and unwilling to participate in a wage subsidy program. Perhaps the most striking finding expressed by this table is that employers who are unwilling to participate in a wage subsidy program in all sizes of firms utilized private employment agencies less than employers who are willing to participate in a wage subsidy program.

Another factor that can be easily noted is that (with the exception of unwilling employers in the 50-99 employee strata) both willing and unwilling employers across all strata tend to rank the Vermont State Employment Service at about mid-rank in importance as a recruitment source for new workers.

Also quite easily noticed is that both willing and unwilling

employers across all strata apply a good deal more importance to the Vermont State Employment Service as a source of recruitment for new workers than they apply to private employment agencies.

E. Characteristics of Employers Willing to Participate in a Wage Subsidy Program

As stated previously, it is estimated from the sample blow-up figures that 66% of all firms in Vermont employing ten or more workers would be willing to participate in a wage subsidy program requiring utilization of disadvantaged workers or welfare recipients. (It is important to remember that this study did not consider Vermont firms employing less than ten workers.) What characteristics are displayed by such willing firms?

1. Size of Firm

As to size of firm (Refer to TABLE 25) it will be noted that nearly half (48% or 534 firms) of all willing employers have from 10-19 employees, while an additional 434 firms (or 39%) have from 20-49 employees. In Vermont, willing employers are pretty much restricted to smaller employing firms; 968 willing employers, or 87% of the willing employers, employ less than 50 workers. Conversely, only 140 firms, or 13% employ 50 or more workers. This situation merely reflects the Vermont labor market situation; a predominance of small employers and very few large employers. Promotion of private sector Public Service Employment within Vermont would require negotiation with predominantly small firms.

However, it is equally important to note from TABLE 25 that larger employers (20 or more employees) as limited as they may be in total numbers, are more likely to agree to participate in a wage subsidy program than are firms employing from 10-19 employees. Firms employing from 50-99 employees are the most likely among firms studied to agree to participate in a wage subsidy program. (As mentioned previously, the sample for this study did not include firms employing from one to nine workers and, therefore, such very small firms are an unknown quantity with regard to receptivity to wage subsidy programs.)

TABLE 24

Alternative Recruitment Methods Used by Employers Willing
and Unwilling to Participate, by Size of Firm

Group	Size of Firm	Referrals by Other Employers	Responses to Newspaper Ads	Vt. State Employment Service	Private Employment Agencies	Walk-ins	Other
Employers Unwilling to Participate	10-19	1.9* <u>/311/</u> **	2.8 <u>/207/</u>	3.0 <u>/239/</u>	4.6 <u>/135/</u>	2.5 <u>/295/</u>	2.2 <u>/191/</u>
	20-49	1.8 <u>/81/</u>	1.8 <u>/51/</u>	2.8 <u>/44/</u>	5.5 <u>/15/</u>	2.2 <u>/88/</u>	2.3 <u>/51/</u>
	50-99	2.0 <u>/15/</u>	4.3 <u>/15/</u>	2.0 <u>/20/</u>	6.0 <u>/10/</u>	2.0 <u>/20/</u>	4.3 <u>/15/</u>
	100+	3.4 <u>/15/</u>	1.8 <u>/13/</u>	3.3 <u>/17/</u>	4.8 <u>/9/</u>	1.7 <u>/17/</u>	4.8 <u>/9/</u>
Employers Willing to Participate	10-19	2.0 <u>/414/</u>	2.4 <u>/247/</u>	2.6 <u>/271/</u>	4.5 <u>/120/</u>	2.3 <u>/438/</u>	2.5 <u>/159/</u>
	20-49	2.2 <u>/353/</u>	2.3 <u>/287/</u>	2.8 <u>/287/</u>	5.0 <u>/125/</u>	2.1 <u>/353/</u>	3.9 <u>/103/</u>
	50-99	2.3 <u>/79/</u>	2.4 <u>/69/</u>	3.0 <u>/74/</u>	3.5 <u>/39/</u>	2.2 <u>/93/</u>	4.8 <u>/25/</u>
	100+	2.6 <u>/36/</u>	2.2 <u>/30/</u>	2.7 <u>/32/</u>	4.4 <u>/15/</u>	2.0 <u>/34/</u>	4.0 <u>/19/</u>

*Mean value of rank by source, ascending ranking scale 1-6.

**Number of responses.

TABLE 25

Employers Who Are Willing and Unwilling to Participate in
a Wage Subsidy Program, by Size of Firm

Size of Firm	Number of Willing Firms	Number of Unwilling Firms	Percent of Willing Firms Each Strata	Percent of Willing Firms Across Strata	Percent of Unwilling Firms Across Strata
10-19	534	406	56.8	48.2	72.5
20-49	434	118	78.6	39.1	21.0
50-99	98	20	83.1	8.9	3.5
>100 +	42	17	71.2	3.8	3.0
TOTAL	1108	561	66.3	100.0	100.0

2. Industrial Category

With regard to industrial category of Vermont firms willing to participate in a wage subsidy program, TABLE 26 indicates that the largest percentage of willing firms may be found in the category of Retail & Wholesale Trade (425 firms or 38% of the willing firms). Following in descending order of importance, one finds Manufacturing with 246 firms or 22% of the willing firms, Service Industries with 200 firms or 18%, Construction with 153 firms or 14%, Finance, Insurance & Real Estate with 60 firms or five percent, and Transportation with 24 firms or a mere two percent of the willing employers in Vermont. Sixty percent of Vermont employers expressing a willingness to participate in a wage subsidy program are to be found in the industrial categories of Retail & Wholesale Trade and Manufacturing.

TABLE 26

Industrial Category of Employers Who Are Willing to
Participate in a Wage Subsidy Program

<u>Category</u>	<u>Number</u>	<u>Percent</u>
Construction	153	13.8
Manufacturing	246	22.2
Transportation	24	2.2
Retail & Wholesale	425	38.3
Finance, Insurance, & Real Estate	60	5.4
Service Industries	200	18.1
TOTAL	1108	100.0

F. Willing Employers' Attitudes Towards Various Aspects of a Wage Subsidy Program

1. Subsidy Levels

Employers who expressed willingness to participate in a wage subsidy program were queried as to various aspects of subsidy level.

When asked, "Do you believe that subsidy levels should depend on characteristics of workers such as their ability, experience

and education?" 80% of all willing employers answered "yes." Thus, willing employers are strongly of the opinion that a subsidized worker's personal characteristics should be considered when determining a level or rate of subsidy payment to the employer.

Employers were asked to express their opinion of an acceptable subsidy level if they were to take on one or more workers who are either disadvantaged or welfare recipients. TABLE 27 shows that 73% of all willing employers felt a subsidy level of 50% or less should be required. Perhaps surprisingly, very few willing employers, 122 firms or 11%, felt a subsidy level of more than 50% would be acceptable. In other words, 812 willing employers or 73% would be willing to pay from 50% to 75% of a disadvantaged worker's salary or a welfare recipient's salary, while the government paid the remainder.

TABLE 27

Opinion of Acceptable Subsidy Level Provided by
Employers Willing to Participate in a Wage Subsidy Program

<u>Suggested Subsidy Levels</u>	<u>Number of Employers</u>	<u>Percent</u>
25%	247	22.3
50%	565	51.0
75%	98	8.8
Over 75%	24	2.2
Multiple Answers	36	3.2
No Response	138	12.5
TOTAL	1108	100.0

TABLE 28 depicts willing employer opinion of acceptable subsidy level by size of firm. It will be noted that approximately 30% of all willing employers with 10-19, 20-49, and 50-99 employees would be willing to accept a 25% level of subsidy while only 16% of the largest firms, those with 100 or more employees, would be willing to accept a 25% subsidy level. On the other hand, if the break is considered at the 50% level of subsidy, it would appear that firms employing 50 employees or more are somewhat more likely to accept a subsidy level of 50% than are firms employing 49 employees or less. One hundred percent of firms with

50-99 workers would accept a subsidy of 50% or less compared to 92% of firms with 100 or more workers, 86% of firms with 10-19 workers, and 82% of firms with 20-49 workers.

TABLE 29 depicts the level of subsidy willing employers of various industrial categories believe to be necessary to enable employers to hire subsidized workers. Service Industries and Financial, Insurance & Real Estate firms may tend to demand appreciably higher levels of subsidy than levels demanded by firms in other industrial categories. Only ten firms or eight percent of the willing Service Industry firms, and seven firms or 15% of the willing Financial, Insurance & Real Estate firms would consider a 25% subsidy level acceptable. On the other hand, 42% of the Manufacturing firms (54 firms), 36% of the Construction firms (23 firms), and 34% of the Retail & Wholesale Trade firms (77 firms) would consider a 25% subsidy level acceptable.

Whereas 80% of all willing employers felt the personal characteristics of a subsidized person, such as ability, experience, and education should be considered when determining an appropriate level of subsidy, 71% of willing employers also felt that the wage subsidy level should depend on the characteristics of the job such as skill and educational requirements. In order to respond to the wishes of the great majority of employers willing to participate in a wage subsidy program, appropriate wage subsidy levels would have to be set in relation both to personal characteristics of the trainee and characteristics of the job.

Conversely, employers were not nearly as unanimous in their opinions as to whether the subsidy rate should depend on the wage level of the job. When asked, "Do you think the subsidy level for a \$2.00 an hour job should differ from the subsidy level for a \$4.00 an hour job?" only 490 employers or 44% replied "yes." On the other hand, 609 employers or 55% felt that subsidy level should not depend on the wage level for a job.

Employers were further queried as to their opinion whether or not the level of subsidy for each job could be determined effectively through a bidding process among employers. It was explained that under such a method a bid would be submitted in the form of a proposal by an employer stating his commitment to a program. The company offering the most attractive proposal and training plan within a given industry would be granted the first opportunity to participate in such a program. Sixty-seven percent of the willing employers (745) did not feel a bidding process would be an effective method of determining the level of subsidy for various jobs.

TABLE 28

Level of Subsidy Willing Employers Believe is Needed to
Hire Subsidized Workers, by Size of Firm

Size of Firm	<u>Subsidy Level</u>				Multiple Answer	Total
	25%	50%	75%	Over 75%		
	<u>Number of Employers</u>					
10-19	80 27.8	167 58.3	24 8.3	8 2.8	8 2.8	287 100.0
20-49	73 30.3	125 51.5	37 15.2	0 0.0	7 3.0	243 100.0
50-99	15 30.6	34 69.4	0 0.0	0 0.0	0 0.0	49 100.0
100+	4 16.0	19 76.0	2 8.0	0 0.0	0 0.0	25 100.0
TOTAL	172 28.5	346 57.3	63 10.4	8 1.3	15 2.5	603 100.0

TABLE 29

Level of Subsidy Willing Employers Believe is Needed to
Hire Subsidized Workers, by Industry

Industry	Number of Employers				Multiple Answer	Total
	25%	50%	75%	Over 75%		
Construction	23 36.5	33 52.0	7 11.5	0 0.0	0 0.0	64 100.0
Manufacturing	54 42.0	57 44.6	9 7.2	0 0.0	8 6.2	129 100.0
Transportation	0 0.0	7 100.0	0 0.0	0 0.0	0 0.0	7 100.0
Retail & Whole- sale	77 33.8	113 49.3	31 13.4	8 3.5	0 0.0	229 100.0
Financial, In- surance & Real Estate	7 15.4	40 84.6	0 0.0	0 0.0	0 0.0	48 100.0
Service Indus- tries	10 7.7	95 74.5	15 12.0	0 0.0	7 5.8	128 100.0
TOTAL	172 28.5	346 57.3	63 10.4	8 1.3	15 2.5	603 100.0

2. Types of Jobs That Could be Subsidized

Employers willing to participate in a wage subsidy program were asked, "If you hired workers through a wage subsidy program, what occupational groups would they be likely to enter in your firm?" An employer could select from one to nine occupational groups. Employer selections were tallied by occupational group. TABLE 30 indicates the greatest number of firms (366 firms representing 19% of the total selections made by responding firms) would be likely to accept subsidized workers into Service occupational groups, while 348 firms (18% of the total selections made by responding firms) would be likely to utilize subsidized workers in Clerical & Sales occupations. Conversely, 57 firms (three percent) would be likely to utilize subsidized persons in Farming, Fishing & Forestry occupations, while 135 firms (seven percent) would be likely to utilize subsidized persons in Processing occupations, and 130 firms (seven percent) would be likely to utilize such workers in Bench Work occupations.

TABLE 30

Occupational Groups That Subsidized Workers Would be Likely to Enter

Prof. Tech. Mgm.	Clerical & Sales	Services	Farm, Fish, Forestry	Process Occup.	Machine Trades	Bench Work	Structural Work	Misc.
143	348	366	57	135	203	130	184	323
7.6	18.4	19.4	3.0	7.1	10.7	6.9	9.7	17.1
								1888*
								100.0

* 1888 = number of employers times number of occupations each employer selected minus non-response. An employer could select up to nine occupations. The percentages given refer to percentages of the total 1888 selections made by employers, rather than to percentages of employers responding.

When employers were asked if they anticipated an expansion in their work force during the next two years, 50% or 554 willing firms replied "yes," while 46% or 514 firms replied "no" and 41 firms (four percent) failed to respond to this particular question.

Those employers who anticipated an expansion in their work force during the next two years were asked to estimate the number of new employees that would be required as a result of expansion. TABLE 31 below depicts the estimates made by such employers.

TABLE 31

Willing Employer Estimates of the Size of Their
Anticipated Expansion

<u>Size of Anticipated Expansion (No. of Workers)</u>	<u>Number of Employers</u>	<u>Percent</u>
1-3	139	12.6
4-6	148	13.3
7-9	24	2.2
>9	114	10.3
Non-Response	683	61.7

One hundred fourteen Vermont firms, or ten percent of all firms willing to participate in a wage subsidy program, anticipated a work force expansion of more than ten employees during the next two years. Overall, 425 firms, or 38% of the willing firms, anticipated work force expansion anywhere from one to more than ten additional employees.

TABLE 32 depicts occupational groups that subsidized workers are likely to enter cross-classified by employer estimates of anticipated expansion of work force during the next two years.

When employers were asked their opinion as to whether or not a wage subsidy program could increase the anticipated expansion in their respective work force during the next two years, only 238 employers or 22% replied "yes." More than 73% or 811 employers felt a wage subsidy program would not increase anticipated expansion in the work force.

TABLE 32

Occupational Groups that Subsidized Workers are Likely
to Enter Cross-Classified by Employer Estimates of
Anticipated Expansion of Work Force During the Next Two Years

Estimated Expansion of Work Force During the Next Two Years. (No. of workers)		Occupations that Subsidized Workers are Likely to Enter								Misc. Total	
		Prof. Tech. Mgm.	Clerical & Sales	Services	Farm, Fish. Forestry	Process	Machine	Bench	Struct. Work	Work	
1 to 3		31 11.9	75 28.7	40 15.2	8 3.0	31 11.6	31 11.6	15 5.8	8 3.0	24 9.1	263 100.0
4 to 6		23 8.3	37 13.4	36 12.7	2 0.7	12 4.4	38 13.6	32 11.4	41 14.5	59 21.0	280 100.0
7 to 9		0 0.0	0 0.0	8 20.0	8 20.0	0 0.0	8 20.0	0 0.0	8 20.0	8 20.0	40 100.0
> 9		20 8.6	42 18.6	32 14.0	7 3.2	27 11.8	12 5.4	18 8.1	36 15.8	33 14.5	248 100.0
TOTAL		74 9.1	155 19.1	115 14.2	25 3.1	70 8.6	89 11.0	66 8.1	93 11.4	124 15.3	811 100.0

The overwhelming majority of willing firms, 1066 firms or 96% of all willing firms, stated that subsidized jobs within their firms would be entry level jobs rather than more advanced positions.

Employers were queried to determine their opinion as to whether or not jobs with certain characteristics should be included in a wage subsidy program. Employer preference was as stated below.

TABLE 33

Willing Employer Opinion of Certain Characteristics Which
Could Pertain to a Subsidized Job

	<u>YES</u>	<u>NO</u>	<u>N.R.</u>
Seasonal Jobs	55%	44%	1%
High Turnover Jobs	33%	66%	1%
Low Wage Jobs (minimum wage or less)	78%	21%	1%
Jobs Without Fringe Benefits	72%	27%	1%
Jobs Without Promotion Possibilities	63%	34%	3%
Part-time Jobs	48%	50%	2%

3. Duration of Subsidy

Employers were also asked to provide their opinions concerning the appropriate duration of a wage subsidy (Refer to TABLE 34). More than 71% of all employers willing to participate in a wage subsidy program felt that 12 months or less would be an adequate duration for a subsidy. Conversely, 17% of such employers felt that 18 or 24 months should be the duration of subsidy.

In addition, 771 employers, or 70% of the willing employers, believed a subsidy should decrease over a period of time. Twenty-eight percent felt the subsidy level should remain constant throughout the duration of the subsidy, and two percent did not respond.

Furthermore, 75% of all employers willing to participate in a wage subsidy program were of the opinion that the duration of a wage subsidy should depend on the characteristics of the job such as skill or educational requirements.

TABLE 34

Appropriate Duration of Subsidy as
Stated by Willing Employers

<u>Recommended Duration of the Subsidy</u>	<u>Number of Firms</u>	<u>Percent</u>
6 mos.	391	35.3
12 mos.	400	36.1
18 mos.	34	3.1
24 mos.	151	13.6
Multiple Answers	49	4.4
No Response	83	7.5
TOTAL	<u>1108</u>	<u>100.0</u>

4. Post-Subsidy Commitment

Employers were questioned about possible employer commitments to subsidized workers after the subsidy ends. Of particular importance was the statement by 952 firms (86%) that they would be willing to guarantee full-time employment at the end of the subsidy period if the trainee performs satisfactorily on the job during this period. Actually, among firms with 50-99 employees, only 67% were willing to guarantee employment. Conversely, all other firm sizes studied were more willing than the average (86%) to guarantee employment:

- 98% of the firms with 10-19 employees were willing to guarantee employment.
- 96% of the firms with 20-49 employees were willing to guarantee employment.
- All firms employing 100 or more were willing to guarantee employment.

Employers willing to participate in a wage subsidy program stated overwhelmingly that at termination of the subsidy period they would agree to pay workers the wage they received during the subsidy period plus increases determined through regular promotion policies. Slightly more than 95% of all willing employers were agreeable to such practice while only three percent were unwilling to agree to pay formerly subsidized workers the wage they received during the subsidy period plus increases determined through existing company policy.

5. Internal Labor Market Considerations

When questioned as to whether taking on subsidized workers would create problems among the employer's existing work force, 786 firms, or 71% of all firms willing to participate in a wage subsidy program, did not anticipate problems. However, 273 firms, or 25%, did anticipate problems (See TABLE 35).

Anticipated problems were quite diverse and no one particular problem, except resentment aroused among regular employees of the firm, appeared to be significant.

TABLE 35

Willing Employer Estimate of Potential Internal Problems that
Could Arise from a Wage Subsidy Program

<u>Types of Internal Problems Anticipated</u>	<u>Number of Employers</u>	<u>Percent</u>
Resentment	93	8.4
Jealousy	30	2.7
Union	45	4.1
Financial	30	2.7
Cause Job Insecurity	5	0.4
Past Experience	9	0.8
Antagonism	23	2.1
Miscellaneous	53	4.8
No Answer	819	73.9
TOTAL	<u>1108</u>	<u>100.0</u>

Those employers who did not anticipate problems among their existing work force as a result of taking on subsidized workers were questioned as to why they did not anticipate such problems. TABLE 36 provides a categorization of employer responses.

TABLE 36

Reasons Given for Non-Anticipation of Problems Among
Existing Work Force as a Result of Taking on Sub-
sidized Workers

<u>Type of Employer Comment</u>	<u>Number of Employers</u>	<u>Percent</u>
Employees Wouldn't Know	131	11.9
Attitude of Workers	158	14.2
Trainee Expected to do Fair Share of Work	93	8.4
Total Wages in Regular Pay scale	80	7.3
Set Procedures and Instructions	33	3.0
Employee Accepts Decisions	29	2.6
Past Experience	45	4.1
Miscellaneous	145	13.1
No Answer	393	35.5
TOTAL	1108	100.0

The great majority of employers, 950 firms and 86% of all employers willing to participate in a wage subsidy program, anticipated their nonsubsidized personnel would cooperate fully with any subsidy program the employer might decide to participate in. Only 68 employers (six percent) anticipated lack of cooperation from nonsubsidized personnel.

Among employers willing to participate in a wage subsidy program, only 135 firms or 12% employed union workers, 896 firms or 81% did not employ union workers, and 76 firms or seven percent did not respond to this particular question.

Only 37 firms or three percent of all firms willing to participate in a wage subsidy program, anticipated a union would have any objection to participation by the firm in a wage subsidy program.

6. Competitive Advantage

All employers who were willing to participate in a wage subsidy program were asked the question: "Do you believe that a wage subsidy program could give some firms a competitive advantage over other firms?" Fifty-four percent (594 firms) did not expect that a wage subsidy program in one firm would create a competitive advantage over other firms. Forty-three percent (473 firms) stated their belief that a wage subsidy program could give some firms a competitive advantage over other firms. Various types of competitive advantage mentioned by employers were lower cost of production, lower prices of goods produced, and increased profits.

Only 174 employers or 16% believed that the potential amount of competitive advantage created by a wage subsidy program could be significant, while 337 employers or 30% did not believe there would be any significant competitive advantage resulting from a wage subsidy program, and 597 employers or 54% did not respond to this issue.

7. Administrative Controls and Procedures

Employers were asked to respond to a number of questions dealing with administrative controls and/or procedures that might be made a part of a wage subsidy program. As an example, employers were asked if they would prefer a subsidy to be paid directly to the trainee or to the employer. The majority, 643 employers or 58% preferred that the subsidy be paid to the employer. Conversely, 405 employers or 37% preferred that the subsidy be paid directly to the trainee.

Employers were questioned as to their opinion of the need for provision of fringe benefits to subsidized workers. The great majority of employers willing to participate in a wage subsidy program, 852 employers or 77%, felt that fringe benefits should be provided to subsidized workers. On the other hand, 238 employers or 22% did not believe that fringe benefits should be provided to subsidized workers.

When asked if they believed the level of subsidy should apply to wages and salaries only, or to wages, salaries and fringe benefits, 604 firms or 55% stated the level of subsidy should apply to wages, salaries and fringe benefits.

Employers were quite willing to agree not to displace a regular employee with a subsidized worker during the subsidy period. Such agreement was stated by 957 employers, or 86% of all willing employers. Only 110 firms or ten percent felt unwilling or unable to agree not to displace a regular employee with a subsidized worker, while 41 employers or four percent failed to respond to this question.

Employers were asked whether or not they would be willing to

have their supervisors participate in training sessions for better understanding of interpersonal relationships. The majority of employers, 734 firms or 66%, would be willing to have their supervisors participate in interpersonal relationships training, while 342 employers or 31% would be unwilling to assure such participation. Failure to respond to this specific question was noted for 31 firms or three percent.

Employers proved to be strongly in favor of frequent evaluation of subsidized workers. It was the opinion of 772 firms, or 70% of all willing firms, that the appropriate frequency of performance evaluations for subsidized workers is every month. Every three months was viewed as the appropriate frequency by 191 employers, or 17%, while 118 firms or 11% viewed every two months as an appropriate frequency of performance evaluation for subsidized workers.

Willingness to provide data on the employment history of the firm and the employment experience of subsidized workers was evidenced by 976 employers, or 88% of all willing employers. Employers were informed that some of the required information would include data on:

1. "Occupational and industrial composition of overall employment in your firm for the two years before the subsidy period and during the subsidy period."
2. "Occupational and industrial composition of subsidized slots."
3. "Hours and earnings associated with subsidized slots."

However, 127 employers, or 11% of all willing employers, were either unable or unwilling to agree to provide such data.

8. Training

All employers who were willing to participate in a wage subsidy program were queried as to their opinion on the value of formalized training as a supplement to a wage subsidy program.

Nearly four out of five employers, 868 firms (78% of all willing employers) believed that subsidized workers should receive formal training, either on or off the job during the subsidy period. On the other hand, 222 firms or 20% did not feel such formal training should be a necessary part of a wage subsidy program. The non-response rate for this question was two percent or 18 firms.

Among all employers willing to participate in a wage subsidy program, 513 firms or 46% felt such training could best be provided on the job, 172 firms or 16% felt such training could best be provided off the job, and 203 employers or 18% felt that both

on-the-job and off-the-job formal training might be appropriate. The non-response rate for this question was 220 firms or 20%.

Asked to cite their preference for various forms of off-the-job training for subsidized workers, employers failed to show any strong preference for one form as opposed to another. One day per week of training was the stated preference of 159 firms, or 14% of all willing firms. Full-time training for part of the subsidy period was preferred by 116 firms or 11%, while 188 employers or 17% preferred other, non-specified schedules of training. The non-response for this question averaged a high 64%, even considering that roughly 20% of the total employers were automatically "non-response" to this question since they had previously stated they did not believe subsidized workers should receive formal training.

Approximately 52% of all employers willing to participate in a wage subsidy program (572 firms) expressed a willingness to release subsidized workers for additional basic education if such experience seemed appropriate. Conversely, 294 firms (27%) were unwilling or unable to make such a promise, and 242 firms (22%) did not respond to this question.

Employers of the 135 firms that employ union workers were asked to appraise union willingness to train subsidized workers. Twenty-nine anticipated union willingness to train subsidized workers, and thirty-seven firms felt the union would not be willing to train subsidized workers. The remainder of the firms either were unable to answer the question or failed to respond to the question.

9. Supportive Services

Slightly more than four out of five employers (908 firms or 82% of all willing firms) felt that the provision of supportive services such as medical, transportation, or counseling by the Employment Service for subsidized workers would be beneficial in the early stages of their training. Such service provision was viewed as not likely to be beneficial by 187 firms or 17%.

Approximately two-thirds of all employers (716 or 65%) would be willing to allow subsidized workers a certain amount of release time to receive supportive services when necessary. However, 323 employers or 29% were unwilling to provide such release time, and 69 employers or six percent failed to respond to this question.

APPENDIXES

APPENDIX A

TECHNICAL APPENDIX: SURVEY STRUCTURE, SAMPLE SELECTION AND SURVEY PROCESSES

The structure of the two-phase employer survey was as follows:

Phase I: The development of a short survey instrument which was mailed to all Unemployment Insurance covered employers in Vermont. This form detailed broad boundaries of a potential "Private Sector Special Work" project in Vermont and asked employers for informational input. After the questionnaires were returned, they were processed and analyzed. Following the preliminary analysis of the mail questionnaires, prospective employers for a face-to-face interview were identified.

Phase II: During Phase II, face-to-face interviews were undertaken with a representative sample of employers, with size and composition determined by the nature of responses received from the mail survey. It was previously decided that the minimum number of employers to be interviewed in the face-to-face survey should be at least 250. It was necessary to secure and train temporary employees to supplement the project staff during the face-to-face interview period.

Following are the types of questions to which the two-phase employer survey attempted to find answers:

1. What kinds of persons would private sector employers be willing to hire under a wage subsidy program - welfare recipients, disadvantaged?

2. What kinds of private sector employers would be receptive to hiring additional workers under a subsidy?

- Industrial group
- Size of Firm
- Location of Firm
- Expanding or declining work force

3. For what kinds of jobs would private sector employers hire subsidized workers?

- Occupational groups
- Entry level or other
- Wage rates
- Seasonal/nonseasonal
- Degree of turnovers
- New jobs

APPENDIX A (cont'd)

4. How many subsidized workers would private sector employers be receptive to?
5. What level and duration of subsidy would private sector employers be receptive to?
6. What kinds of administrative controls and procedures for a wage subsidy program would private sector employers be receptive to?
7. What kind of post-subsidy commitment to retain workers would private sector employers be receptive to?
8. What possible problems of competitive advantage between firms do private sector employers foresee?
9. What possible internal labor market problems do private sector employers foresee involving:
 - Labor union agreements
 - Work rules
 - Career ladders
 - Hiring standards
 - Morale problems
10. Do private sector employers see wage subsidies as leading to a net increase in the number of jobs?

The mail survey would draw from a fairly large group of private sector employers their general reactions to wage subsidy programs, while the more in-depth face-to-face survey would attempt to obtain more specific details from a small representative sample of Vermont private sector employers.

The time frame for the two-phase survey was originally set to cover six months, from November 1973 through April 1974. Because of certain delays this schedule was revised with the completion date of the survey changed to May and the tabulation and analysis to be done by June 30, 1974.

Early in November 1973, a contract was signed between the Vermont Department of Employment Security and PRC Systems Sciences Company, a Division of Planning Research Corporation of McLean, Virginia. This consulting firm was retained to assist the project staff with the following assignments:

1. Formulate questions to be included in the two-phase employers' survey to help determine employer receptivity.
2. Formulate procedures for inclusion in the design of the survey instruments to help reduce time and effort to complete

APPENDIX A (cont'd)

the survey instruments, prevent respondent bias and interviewer coding errors, provide adequate quantitative information where appropriate, test the accuracy and consistency of responses, and facilitate transference of data for analysis.

3. Assist in the determination and composition of the samples for both the mail questionnaire and the face-to-face interview questionnaire.
4. Formulate procedures to select firms for the sample.
5. Formulate confidentiality procedures.
6. Develop field procedures and reliability checks to help insure the quality of employers' responses.
7. Develop a plan to file, edit, key punch and access questionnaires.
8. Develop a plan to transfer data from the questionnaire for analyses, either manual or computer.
9. Test mail questionnaires for response bias through the utilization of statistical tests.
10. Estimate standard errors and confidence intervals for selected statistics where such estimates are appropriate.

A. Mail Survey

Shortly after the consulting firm was retained, the selection of a sample of employers for the mail questionnaire was made. The original intent was to mail a questionnaire to all Unemployment Insurance covered employers in the state of Vermont. However, there were a large number of small firms as well as public and private nonprofit firms included in the file and it was felt that they should be excluded from the survey. Without experience as a guide, it was arbitrarily decided that employing organizations with less than ten employees would not be in a position to participate in programs of the type being surveyed and should not be part of the survey. Public and private nonprofit organizations had participated in the previous Special Work Program and they should also be excluded. The file of covered employers also included firms engaged in agriculture, forestry and fishing and it was felt that these firms should also be excluded from the survey. Therefore, the mailing by industrial groups was to be as follows:

- 10-14 Mining & Quarrying
- 15-17 Contract Construction
- 20-39 Manufacturing
- 40-49 Transportation, Communications, Utilities

APPENDIX A (cont'd)

50-59 Trade, Wholesale & Retail
60-67 Finance, Insurance & Real Estate
70-89 Services

It was further determined that a sample adequate to meet the objectives of the survey could be randomly selected from the above file of employing organizations with ten or more employees. The sample consisted of the following groups:

<u>Total No. Firms</u>	<u>No. of Employees</u>	<u>Percent Sample</u>	<u>No. of Firms to be Sampled</u>
1059	10-19	50	529
672	20-49	50	336
174	50-99	50	87
132	100 and over	100	132
<u>TOTAL 2037</u>			<u>1084</u>

In order to obtain a random sample, the file of covered employers was arranged by the above employee size groupings and every other firm within each of the first three groups was selected, while all employers in the fourth group were selected (Refer to Section III for more detail).

The next step was the development of the survey instrument itself. The first consideration was to make the questionnaire fairly comprehensive without making it so long that the employers being surveyed would find it cumbersome and fail to respond. In order to analyze the responses, it was necessary to devise a coding system for ease of identification and access. The coding system developed included a unique identification number assigned to each firm, the total employment of the firm, the standard industrial classification of the firm, and a four digit location code. Initially it was felt that a computer printed label could be printed and affixed to a printed questionnaire prior to stuffing envelopes for mailing. However, a control had to be established in order to keep track of responses, and this would mean manual entry of coding to control sheets. At this point the Automatic Data Processing staff suggested printing the questionnaire with name and address of the firm and the appropriate identifying information directly from the computer. This idea served two purposes: first, a duplicate of each questionnaire could be printed for control purposes, and secondly, it would limit the number of questions that could be printed on one 8½" x 11" sheet. When it was decided that the questionnaire be computer generated, the number of questions had to be limited to fifteen of two lines maximum. During a two day session between the E&D staff and the consultant, a list of questions was developed for possible inclusion in the finished

APPENDIX A (cont'd)

questionnaire. In an effort to keep the mail questionnaire as simple as possible, it was felt that the possible responses be limited to two or three at most. After several drafts were made, a final questionnaire evolved and was agreed upon (See APPENDIX B). The questionnaires were then headed and printed according to the sample selection guidelines previously stated.

The next task to be accomplished was the development of a letter to accompany the questionnaire. It was decided that the letter format would be on one page and would briefly explain the purpose of the survey with the hope of eliciting the fullest cooperation of employers within the sample selected. The letter was completed (See APPENDIX E) and printed for mailing. The letter was folded and stuffed along with the questionnaire and a pre-addressed postage paid envelope in window envelopes.

After the questionnaire was mailed, the second or control set of questionnaires were filed in binders numerically by strata size. These were to be pulled and filed in a second set of binders as the returns were received from the firms selected. The questionnaires were returned fairly rapidly; for example, within the first two weeks 458 out of 1084 had been received. Returned questionnaires from the first letter totaled 525 for a 48.4% rate. Subsequently a reminder (See APPENDIX F) was mailed to those firms who had not responded with a completed copy of the questionnaire. The second mailing resulted in a return of 249 more questionnaires for a total response of 71%.

During the time the questionnaires were being mailed, a program was developed for computer tabulation and printout of the responses. When the questionnaires were received, they were checked and coded for key punching on those items needing clarification. They were then produced showing the raw data and also blown up to simulate the total universe of firms.

B. Face-to-Face Survey

Concurrent with the mail survey, preparations for the second survey were undertaken by the E&D staff and the outside consulting firm. It was now time to select the sample for the face-to-face interviews, develop the survey instrument, develop an interviewer guide, and select and train interviewers. It was decided that the sample be selected from the same universe of employers which was used to select the mail survey sample; that is, Unemployment Insurance covered firms with ten or more employees, and with the exclusion of the same groups from the file, namely agriculture and government. It was felt that all covered firms with ten or more employees should be used rather than just those who had received a mail questionnaire or those who had not responded to the mail survey to give a more unbiased response. The sample selection also excluded firms whose address was at an out-of-state location.

APPENDIX A (cont'd)

A sample size of 300 was determined to be large enough to assure reliability of the survey while being within reason based on available resources. The following table depicts the sample selection by strata based on available firms within the state:

<u>Size</u>	<u>Total Firms</u>	<u>Out-of-State Address</u>	<u>Total Available</u>	<u>Sample Selection</u>
10-19	1059	110	949	146
20-49	672	121	551	93
50-99	174	56	118	24
100+	132	73	59	37
TOTALS	2037	360	1677	300

To select the sample on a random basis within each strata of firms available, the following scheme was used:

10-19 - Select every sixth firm and skip every twelfth selection.

20-49 - Select every sixth firm plus the first and last in file.

50-99 - Select every fifth firm plus the first in file.

100 and over - Select every other firm plus every eighth one in file.

After the sample size was determined, a computer run was made to print out the name, address and identification information of the firm selected. This printout was made in duplicate: one to be used as a control, the second one to be burst and sorted by local Employment Service office.

The next task to be accomplished was the development of the survey instrument to be used for the face-to-face interviews. It was the desire of the staff and consulting firm to make this document as comprehensive as possible without making it complicated or difficult to understand. It was necessary to design the questionnaire so that it would be amenable to coding and computer processing. It was hoped that most of the questions on the questionnaire would have predesignated responses so as to keep open-ended or variable-response-type questions at a minimum. A two-day meeting was held between the E&D staff and the consultant for the development of questions for possible inclusion in the face-to-face survey instrument. A long and cumbersome list of potential questions was developed for inclusion in a first draft of the questionnaire. The list of the questions was massaged, amended, revised, expanded, and compressed, with many questions deleted and others added until an acceptable fourth draft evolved. This draft was then discussed with the project officer and final revisions were made. Before the

APPENDIX A (cont'd)

final draft of the questionnaire was resolved, a major change in the format was incorporated. It was felt that many firms interviewed would not want to answer the complete array of questions if they were not interested in participating in a wage subsidy program. However, we wanted the characteristics of all firms whether they were willing to participate or not. Therefore, an instruction was included in the first section to proceed directly to the last section (involving firm characteristics) if they were not willing to participate. This would provide for analysis on characteristics of firms both willing and unwilling to participate without clouding the results by those who were not willing to participate. Thus, the final form of the survey questionnaire was resolved and copies were printed (See APPENDIX C).

The face-to-face questionnaire included instructional statements as an aid to the person conducting the interview; however, it was necessary to develop a manual for interviewer training and for reference when in the field. The E&D staff then developed a manual which included general interviewer guidelines and a detailed guide of the questionnaire itself.

During the latter part of February 1974, a number of applicants were interviewed for positions as interviewers for the employer survey. From this group six people were selected to commence work the middle of March. Meanwhile, materials were being prepared for use in training the Survey Takers. The Survey Takers were brought on board during the week of March 18, 1974. The first few days were spent in giving a general overview and orientation to the Employment Service. Survey Takers were then given training for the survey itself, its purpose and desired goals. An interviewer manual was used as a guide in the training and the questionnaire was used with simulated interviews in role-playing sessions. After this training period, a memo was sent to each local Employment Service office telling the managers that the Survey Takers would be coming to each local office to get names of appropriate individuals to interview within each firm to be surveyed. After the names were obtained, a letter was mailed to each firm, addressed to the person whose name had been obtained from the local offices. This letter informed the selected firms that they would shortly be receiving a phone call from a representative from the Employment Service to arrange a date for a personal interview. A couple of days after the letters were mailed the Survey Takers started making appointments by telephone. A standard memo was developed to be sent out to the local offices to inform the managers who would be in their area and what firms they would be contacting. This was done so the local office manager could coordinate the activities of his own staff around the Survey Takers and eliminate the possibility of more than one person visiting an employer during that time.

The interviewing of 269 employers took about six weeks with

APPENDIX A (cont'd)

from six to eight people making the contacts. (The face-to-face survey involved completion of 269 questionnaires, but only 249 of these questionnaires could be included in the data base used for the analysis.) This time was needed because of scheduling problems and the distances involved as well as the remote location of some employers. The average interview took from forty-five minutes to an hour-and-a-half, depending on the detail an employer was willing to provide. With distances it was necessary to travel, it was difficult to schedule more than three interviews a day for each Survey Taker. By the first week of May, the face-to-face interviews were pretty much completed.

After the survey questionnaires were completed, they were brought to the Central Office and coded for data entry. It was first thought that survey results would be manually tabulated; however, after seeing the completed questionnaires it was obvious that a manual tabulation would be extremely time-consuming and cumbersome and would perhaps lose some of the significance of the data gathered. Therefore, the contract with PRC was amended to allow for programming and data processing of the survey results. They were to use a Standard Federal Packaged Program with modifications to accommodate the survey data. The cards were to be prepared by the Automatic Data Processing section at the Department of Employment Security and forwarded to McLean, Virginia for processing. The tabulation and analysis was to be completed by the consulting firm by June 15, 1974.

APPENDIX B

MAIL SURVEY QUESTIONNAIRE

VERMONT DEPARTMENT OF EMPLOYMENT SECURITY
P.O. BOX 488
GREEN MOUNTAIN DRIVE
MONTPELIER VT. 05602

101085 5511 0714 0019

1. WOULD YOUR FIRM BE INTERESTED IN TAKING PART IN AN ES SPONSORED WAGE SUBSIDY PROGRAM FOR LOW-INCOME PERSONS? YES ☐ NO ☐
 2. WOULD YOU CONSIDER 75% OF THE COST BEING ASSUMED BY SUCH A PROGRAM ADEQUATE? YES ☐ NO ☐
 3. HAVE YOU PARTICIPATED IN OTHER MANPOWER PROGRAMS THAT INCLUDED THE PARTIAL REIMBURSEMENT OF WAGES? YES ☐ NO ☐
 4. WOULD YOU CONSIDER A ONE YEAR DURATION AN APPROPRIATE LENGTH OF TIME FOR A WAGE SUBSIDY? YES ☐ NO ☐
 5. DO YOU SEE AN EXPANSION OF YOUR WORK FORCE WITHIN THE NEXT TWO YEARS? YES ☐ NO ☐
 6. COULD NEW JOBS BE CREATED IN YOUR FIRM IF A WAGE SUBSIDY WAS AVAILABLE DURING AN INITIAL TRAINING PERIOD? YES ☐ NO ☐
 7. WOULD YOU BE WILLING TO GUARANTEE EMPLOYMENT OF THE TRAINEE AT THE CONCLUSION OF THE SUBSIDY PERIOD FOR AT LEAST ONE YEAR? YES ☐ NO ☐
 8. WOULD TAKING ON A SUBSIDIZED EMPLOYEE CREATE PROBLEMS AMONG YOUR EXISTING WORK FORCE? YES ☐ NO ☐
 9. SHOULD THE AMOUNT OF SUBSIDY CHANGE DEPENDING ON ABILITIES OF PERSPECTIVE TRAINEES OR SKILL REQUIREMENTS OF THE JOB? YES ☐ NO ☐
 10. IF A WAGE SUBSIDY PROGRAM IS INSTITUTED, WOULD YOU PREFER THE SUBSIDY TO BE PAID DIRECTLY TO THE TRAINEE OR TO YOU? TRAINEE ☐ EMPLOYER ☐
 11. HOW MANY YEARS OF FORMAL SCHOOLING DO YOU REQUIRE FOR YOUR ENTRY LEVEL POSITIONS? 11 OR LESS ☐ 12 OR MORE ☐
 12. DO YOU USUALLY TRAIN NEW EMPLOYEES ON THE JOB OR DO YOU REQUIRE PRIOR JOB RELATED EXPERIENCE? TRAIN ☐ REQUIRE JOB RELATED EXPERIENCE ☐
 13. HOW MANY MONTHS AFTER NEW EMPLOYEES ARE HIRED DOES IT TAKE THEM TO THOROUGHLY LEARN THEIR JOBS? LESS THAN 6 ☐ 6-12 ☐ MORE THAN 12 ☐
 14. WHAT IS THE STARTING WAGE FOR YOUR ENTRY LEVEL POSITIONS? LESS THAN \$2.00 ☐ MORE THAN \$2.00 ☐
 15. WOULD YOUR FIRM BE WILLING TO PROVIDE DATA NEEDED TO STUDY THE EFFECTS OF ES PAYMENTS FOR NEW EMPLOYEES? YES ☐ NO ☐
- * * * * ANY COMMENTS MAY BE MADE ON THE BACK OF THIS PAGE. * * * *

APPENDIX C

FACE-TO-FACE SURVEY QUESTIONNAIRE

SURVEY QUESTIONNAIRE

FOR

EMPLOYER INTERVIEW

E & D PRIVATE SECTOR PROJECT SURVEY

APPENDIX C (cont'd)

CONTENTS

Page	
1	A. Previous Participation in Manpower Programs
2	B. Target Groups and Subsidy Levels
4	C. New Type of Job
6	D. Duration of Subsidy
7	E. Post Subsidy Commitment
8	F. Internal Labor Market Considerations
9	G. Competitive Advantage
10.	H. Administrative Controls/Procedures
12	I. Training
14	J. Supportive Services
15	K. Net Increase in Jobs
16	L. Kinds of Employers
19	APPENDIX I Occupational Groups
20	APPENDIX II Supportive Services

APPENDIX C (cont'd)

A. Previous Participation in Manpower Programs

1. Have you previously participated in any Manpower programs?

Yes _____ No _____

IF YES, GO TO QUESTION 3 BELOW.

2. Would you give us your major reasons for not having participated in Manpower programs?

3. Are you using the WIN tax credit?

Yes _____ No _____

IF YES, GO TO SECTION B, PAGE 2

4. Why are you not using the WIN tax credit?

- a. Don't know about it.
- b. Too many administrative problems.
- c. Other. (Specify)

APPENDIX C (cont'd)

B. Target Groups and Subsidy Levels

1. Would your firm be willing to hire disadvantaged workers¹ through a wage subsidy program?

Yes _____ No _____

IF RESPONSE IS NO:

Why would you not be interested in hiring a disadvantaged worker?

2. Would your firm be willing to hire a welfare recipient² through a wage subsidy program?

Yes _____ No _____

IF RESPONSE IS NO:

Why would you not be interested in hiring a welfare recipient?

IF RESPONSE TO EITHER 1 OR 2 IS YES, PROCEED TO QUESTION 3 BELOW.

IF RESPONSE TO BOTH 1 AND 2 IS NO, PROCEED TO SECTION L, PAGE 16.

3. Do you believe that wage subsidy levels should depend on characteristics of workers such as their ability, experience, and education?

Yes _____ No _____

¹ Disadvantaged workers are individuals who are poor, unemployed or underemployed and have one or more of the following characteristics:
a. school dropout, b. minority member, c. under 22 years of age, d. 45 years of age, or over, e. handicapped

² Welfare recipients are individuals who are poor according to Federal standards. (See instruction manual for breakdown).

APPENDIX C (cont'd)

4. If you were to take on a new worker, what level of subsidy do you believe you would need to hire one or more workers who are either disadvantaged or welfare recipients?

Suggested Subsidy Level

25%	50%	75%	Over

5. Characteristics of the job may affect the wage subsidy level. Do you believe that the wage subsidy level should depend on the characteristics of the job, such as job skill and educational requirements?

Yes _____ No _____

6. Do you believe the subsidy rate should depend on the wage level of the job; for example, do you think the subsidy level for a \$2.00 an hour job should differ from the subsidy level for a \$4.00 an hour job?

Yes _____ No _____

7. Do you believe that the level of subsidy for each job could be determined effectively through a bidding¹ process among employers?

Yes _____ No _____

¹A bid would be submitted in the form of a proposal by an employer stating his commitment to a program. The company offering the most attractive proposal and training plan within a given industry would be granted the first opportunity to participate in such a program.

APPENDIX C (cont'd)

C. New Type of Job

1. If you hired workers through a wage subsidy program, what occupational groups would they be likely to enter in your firm?

Occupational Groups ¹	Employer Selection
1 Professional, Technical Managerial	
2 Clerical & Sales	
3 Services	
4 Farming, Fishery, Forestry	
5 Processing Occupations	
6 Machine Trades	
7 Bench Work	
8 Structural Work	
9 Miscellaneous	
¹ FOR EXAMPLES OF THE OCCUPATIONS CONTAINED IN EACH OCCUPATIONAL GROUP, SEE <u>APPENDIX I</u> .	

2. Would these jobs be:

entry level positions	Yes _____	No _____
more advanced positions	Yes _____	No _____

APPENDIX C (cont'd)

3. Should jobs with characteristics such as the following be included in a wage subsidy level program?

- | | | |
|--|-----------|----------|
| a. Seasonal jobs | Yes _____ | No _____ |
| b. High turnover jobs | Yes _____ | No _____ |
| c. Low wage jobs
(Minimum Wage or less) | Yes _____ | No _____ |
| d. Jobs without fringe
benefits | Yes _____ | No _____ |
| e. Jobs without promotion
possibilities | Yes _____ | No _____ |
| f. Part-time jobs | Yes _____ | No _____ |
| g. Other (Specify) | Yes _____ | No _____ |

APPENDIX C (cont'd)

D. Duration of Subsidy

1. How long do you believe the wage subsidy should last?

Months

6	12	18	24
---	----	----	----

CIRCLE THE EMPLOYER RESPONSE.

2. Do you believe a subsidy should decrease over a period of time?

Yes _____ No _____

IF RESPONSE TO QUESTION 2 IS NO, GO TO QUESTION 4 BELOW.

3. Decreasing the subsidy a specified amount every three months is one way to do this. What percentage level of decrease would you choose at three month intervals?

Percentage

Months	10	20	30	Over
3				
6				
9				
12				

4. Because of the nature of the job, perhaps the duration of the subsidy should depend on the characteristics of the job. Do you believe the duration of the wage subsidy should depend on characteristics of the job such as skill or educational requirements?

Yes _____ No _____

APPENDIX C (cont'd)

E. Post Subsidy Commitment

We would like to ask you three questions about possible employer commitments to subsidized workers after the subsidy ends:

1. Would you be willing to guarantee full-time employment at the end of the full subsidy period if the trainee performs satisfactorily on the job during this period?

Yes _____ No _____

2. At the termination of the subsidy, would you agree to pay workers the wage they received during the subsidy period plus increases determined through your regular promotion policies?

Yes _____ No _____

3. Do you have any additional comments on employer commitment after the subsidy ends?

APPENDIX C (cont'd)

F. Internal Labor Market Considerations

1. Would taking on subsidized workers create problems among your existing work force?

Yes _____ No _____

IF RESPONSE IS NO, SKIP #2 AND GO TO QUESTION #3 BELOW. IF YES, PROCEED TO #2 BELOW AND SKIP #3.

2. Would you describe the type of problems you anticipate?

3. In an earlier questionnaire, a number of employers stated that they anticipated problems with their work force. Would you tell us why you do not anticipate any problems?

4. Do you expect your non-subsidized personnel to cooperate fully with the subsidy program if you decide to participate in it?

Yes _____ No _____

5. Does your company employ union workers?

Yes _____ No _____

IF RESPONSE IS NO, GO TO SECTION G, PAGE 9.

6. Do you believe the union would have any objections to your participation in a wage subsidy program?

Yes _____ No _____

APPENDIX C (cont'd)

G. Competitive Advantage

1. Do you believe that a wage subsidy program could give some firms a competitive advantage over other firms?

Yes _____ No _____

IF RESPONSE IS NO, PROCEED TO SECTION H, PAGE 10.

IF RESPONSE IS YES:

There are several kinds of competitive advantage which might arise. Which of the following do you believe could apply?

- | | | |
|---------------------------------|-----------|----------|
| a. Low cost of production | Yes _____ | No _____ |
| b. Low prices of goods produced | Yes _____ | No _____ |
| c. Increased profits | Yes _____ | No _____ |
| d. Other (Specify) | Yes _____ | No _____ |

2. Do you believe that the potential amount of competitive advantage created by the wage subsidy could be significant?

Yes _____ No _____

IF RESPONSE IS YES:

Can you give any reasons?

APPENDIX C (cont'd)

H. Administrative Controls/Procedures

1. If you participated in a wage subsidy program, would you prefer the subsidy to be paid directly to the trainee or to you?

Trainee _____ Employer _____

2. What is the reason for your preference?

3. Do you think that fringe benefits should be provided to subsidized workers?

Yes _____ No _____

4. Do you believe the level of subsidy should apply to:

a. wages and salaries

Yes _____ No _____

b. wages, salaries and fringe benefits

Yes _____ No _____

5. Would you agree not to displace a regular employee with a subsidized worker during the subsidy period?

Yes _____ No _____

6. Would you be willing to have your supervisors participate in training sessions for better understanding of inter-personal relationships?

Yes _____ No _____

APPENDIX C (cont'd)

7. During the training period of a subsidized worker, it might be useful to evaluate her/his performance. How often do you believe this should be done?

- | | | |
|-----------------------|-----------|----------|
| a. Every month | Yes _____ | No _____ |
| b. Every two months | Yes _____ | No _____ |
| c. Every three months | Yes _____ | No _____ |

8. Would you be willing to provide data on the employment history of your firm and the employment experience of subsidized workers in your firm? Some of the required information includes data on:

- a. Occupational and industrial composition of overall employment in your firm for the two years before the subsidy period and during the subsidy period.
- b. Occupational and industrial composition of subsidized slots.
- c. Hours and earnings associated with subsidized slots.

Yes _____ No _____

APPENDIX C (cont'd)

I. Training

1. Do you believe that subsidized workers should receive formal training, either on or off the job during the subsidy period?

Yes _____ No _____

IF NO, GO TO SECTION J, PAGE 14.

2. Do you believe that such training should be conducted on or off the job?

a. On the job

☐

GO TO QUESTION 4

b. Off the job

☐

GO TO QUESTION 3

3. Do you prefer one or more of the following "off-the-job" training plans for subsidized workers?

a. One day a week

Yes _____ No _____

b. Full-time training for part of the subsidy period

Yes _____ No _____

c. Other (Specify)

Yes _____ No _____

4. Would you be willing to release workers for additional basic education if such experience seemed appropriate?

Yes _____ No _____

IF NO, GO TO QUESTION 6, PAGE 13.

APPENDIX C (cont'd)

5. Please rank according to desirability the schedules listed below that could be used to provide additional training or basic education to subsidized workers.

- a. One day a week Yes _____ No _____
- b. Full-time training for part of the subsidy period Yes _____ No _____
- c. Other (Specify) Yes _____ No _____

6. Would the union be willing to train subsidized workers?

Yes _____ No _____ Unable to answer _____

APPENDIX C (cont'd)

J. Supportive Services

1. Do you feel that the provision of supportive services such as medical, transportation, or counseling by the employment service for subsidized workers would be beneficial in the early stages of their training?

Yes _____ No _____

SEE APPENDIX II FOR DETAILS

2. Would you be willing to allow subsidized workers a certain amount of release time to receive supportive services when necessary?

Yes _____ No _____

APPENDIX C (cont'd)

K. Net Increase in Jobs

1. Do you anticipate an expansion in your work force during the next two years?

Yes _____ No _____

IF RESPONSE IS NO, PROCEED TO QUESTION 3 BELOW.

2. Can you give an estimate by how much?

Number _____

Percent of current work force _____

3. Could a wage subsidy program increase the anticipated expansion in your work force during the next two years?

Yes _____ No _____

IF RESPONSE IS NO, PROCEED TO SECTION L, PAGE 16.

4. Why do you believe a wage subsidy could increase the expansion of your work force over and above the extent to which you believe it will expand if no wage subsidy exists? Possible reasons include:

a. Permits increased production without increased labor costs.

☐

b. The subsidy reduces employer training costs

☐

c. Other (Specify)

☐

APPENDIX C (cont'd)

I. Kinds of Employers

SIZE BY EMPLOYER'S LOCATION (COUNTY) AND INDUSTRY, AS DERIVED FROM
SAMPLE INFORMATION, IS ENTERED HERE.

1. How many new workers did you hire during:
 - a. 1973?
 - b. 1972?
2. What proportion of these new hires are accounted for by normal turnover?
3. What was the total sum of workers in your firm during:
 - a. 1973?
 - b. 1972?
4. What is the approximate size of your work force each quarter of the year?

Quarters			
1	2	3	4

APPENDIX C (cont'd)

5. We have grouped all possible job descriptions into nine categories. Could you provide the appropriate proportion of your work force that falls into each of the following occupational groups?

Occupational Groups ¹	Proportion of Work Force
1 Professional, Technical, Managerial	
2 Clerical & Sales	
3 Services	
4 Farming, Fishery, Forestry	
5 Processing Occupations	
6 Machine Trades	
7 Bench Work	
8 Structural Work	
9 Miscellaneous	
¹ FOR EXAMPLES OF THE OCCUPATIONS CONTAINED IN EACH OCCUPATIONAL GROUP, SEE <u>APPENDIX I</u> .	

6. In reference to the occupations in the above table, what is the range of entry level wage rates in the occupation for which you would hire subsidized workers?

Low _____ High _____

APPENDIX C (cont'd)

7. Please rank by importance (1 through 6) where you would find most of your new workers.

- a. Referrals by other employees
- b. Response to newspaper ads
- c. Vermont State Employment Service
- d. Private employment agencies
- e. Walk-Ins
- f. Other (specify)

APPENDIX C (cont'd)

APPENDIX I

Occupational Groups to be Used in Face-to-Face Interviews

- 1 Professional, Technical, Managerial
 Draftsman, mechanical, Dental Assistant, radio & TV
 announcer, Lab. Assistant, manager trainee
- 2 Clerical & Sales
 Secretarial, clerk-typist, keypunch, receptionist, sales-
 person, counter clerk, messenger, mail clerk
- 3 Services
 Bus boy, Cook, Counterman, Kitchen Helper, Nurse Aid,
 Janitor, Charwoman, Waitress, Orderly, Chauffeur
- 4 Farming, Fishery & Forestry
 Laborer (nursery, landscape), groundskeeper
- 5 Processing Occupations
 Laborer (wood preserving, kiln operator, wood hacker,
 stacker), Pressman, sandblaster, concrete mixer, brick
 & tile maker, die presser, tanning
- 6 Machine Trades
 Auto mechanic & repairman, basket assembler, toolmaking,
 machinists, aircraft mechanics & repairmen, cabinet maker,
 weaver, knitter
- 7 Bench Work
 Repairman, tailors, seamstress, assembler, fabrication &
 repair (toy, jewelry, tools, optics, photo, appliances,
 musical instruments), painters, decorators, textile
 products, cobbler
- 8 Structural Work
 Electrician (helper), carpenter, construction worker,
 cement mason, house builder, maintenance man
- 9 Miscellaneous
 Truck driver, bus driver, sewage plant attendant, logging
 & mining, gas station attendant, taxi driver, packaging

APPENDIX C (cont'd)

APPENDIX II

Supportive Services

- 1 Medical determination
- 2 Minor Medical (Under \$100)
- 3 Physical rehabilitation (Over \$100)
- 4 Psychological evaluation
- 5 Mental rehabilitation (psychiatric counseling)
- 6 Alcoholic rehabilitation
- 7 Dental care
- 8 Child care
- 9 Supportive counseling
- 10 Supplemental instruction
- 11 Purchase of occupation related material
- 12 Transportation
- 13 Other

APPENDIX D

FREQUENT RESPONSES TO MAIL SURVEY QUESTIONNAIRE ITEM 16: "ANY COMMENTS MAY BE MADE ON THE BACK OF THIS PAGE."

1. Employer feels prospective trainees would be too under or too unskilled to profit from training in the particular skills utilized by his company. (30 responses)
2. Employer feels it is unreasonable to be required to guarantee employment for one year after end of subsidy. (29 responses)
3. Employer feels company is too small to profit from program or to be of benefit to program. (24 responses)
4. Employer's business is strictly a seasonal operation. (24 responses)
5. Employer does not approve of government programs in general and "welfare" in particular. (22 responses)
6. Employer feels problems will arise between his regular employees and subsidized trainees due to benefits being received by subsidized workers which are not available to regular workers. (18 responses)
7. Employer feels not enough information was provided by survey instrument to allow him to respond adequately. (17 responses)
8. Employer fearful that "recipients would take advantage of the program." (15 responses)
9. Employer's firm is not hiring at the present time and therefore has no interest in or capacity for a wage subsidy program. (15 responses)
10. Employer feels prospective trainees would be lacking in personality or intelligence characteristics deemed necessary for his business. Such employers mentioned a need for their employees to be exceptionally qualified in public contact work. (Examples of types of firms making such comments were banks, hospitals, and insurance companies.) (12 responses)
11. Employer afraid prospective trainees would be "lazy." (7 responses)
12. Employer feels such a wage subsidy program would have too many complications. (6 responses)
13. Employer feels his type of business requires employees to be extremely mobile and that trainees would have severe transportation problems getting to the job. (Example: asphalt paving companies.) (5 responses)

APPENDIX D (cont'd)

14. Employer's firm works only outside the State of Vermont. (4 responses)
15. Employer seldom has staff turnovers and therefore would have no need for or interest in a wage subsidy program. (3 responses)
16. Employer is selling business in the near future. (2 responses)

APPENDIX E

LETTER ACCOMPANYING MAIL QUESTIONNAIRE



STATE OF VERMONT
DEPARTMENT OF EMPLOYMENT SECURITY
MONTPELIER, VERMONT 05402

February 11, 1974

Dear Vermont Employer:

During the past three years, the Vermont Department of Employment Security has conducted an experimental manpower project in the public and non-profit sectors of the economy. This project used wage subsidies to help members of low-income families to obtain permanent jobs in these sectors of the economy. This was accomplished by reimbursing employers through wage subsidies for a portion of their costs during the initial employment period.

Because of the limited number of possible job opportunities with public and non-profit organizations, there has been speculation that such a wage subsidy program would have far more potential if it were extended to the private for profit sector. This is an approach which has been suggested by various experts in the manpower field.

As a preliminary assessment of the potential of this approach, we are selecting a number of Vermont employers like yourself to participate in a survey. The results of this survey will provide us with insights regarding employers' attitudes and feelings toward wage subsidy in the private for profit sector as a mechanism for ultimately placing low-income persons in permanent non-subsidized jobs.

Enclosed is a short questionnaire and a self-addressed, return envelope for your convenience. We are asking you to kindly complete the questionnaire and return it to us by March 8, 1974. For any additional comments you might have, please use the reverse side of this form. Your responses will be held in strict confidence and will be an important contribution to this survey.

If this letter reaches you at an out-of-state address, please forward it to your Vermont address.

Thank you in advance for your cooperation.

Very truly yours,

A handwritten signature in cursive script that reads "John M. White".

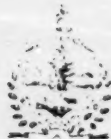
John M. White, Director
Vermont State Employment Service



JMW:am
Enc.

APPENDIX F

LETTER REMINDING EMPLOYERS TO RETURN MAIL QUESTIONNAIRE



STATE OF VERMONT
DEPARTMENT OF EMPLOYMENT SECURITY
MONTPELIER, VERMONT 05602

February 25, 1974

Dear Vermont Employer:

This letter is written as a follow-up to my letter and survey questionnaire sent to you on January 21, 1974, which you may have overlooked or misplaced due to your own business pressures. I hope that with this reminder you will take the few moments necessary to answer the survey questions. Each additional response we receive will assist us in our efforts to make a meaningful examination of employer attitudes toward wage subsidies in the private sector. I wish to reemphasize the fact that there are no immediate plans on the part of this agency to put such a program into operation.

Enclosed is another copy of the questionnaire along with an addressed postage pre-paid envelope for your convenience. Thank you very much for your prompt assistance.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "John M. White".

John M. White, Director
Vermont State Employment Service

JMW:m

Enclosures: 2

